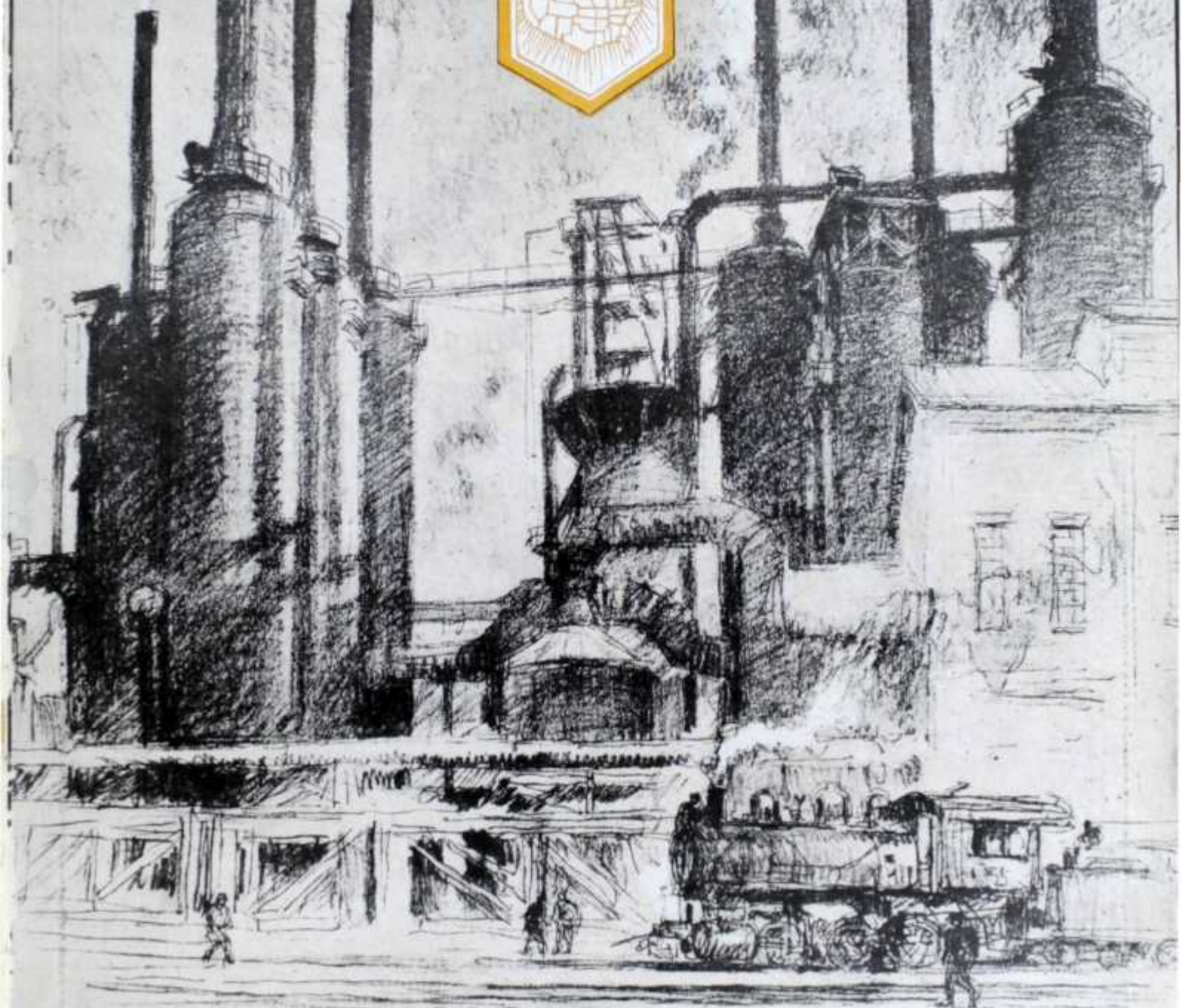


January

1918

THE

# NATION'S BUSINESS



*Vernon R. Bailey*

25 CENTS



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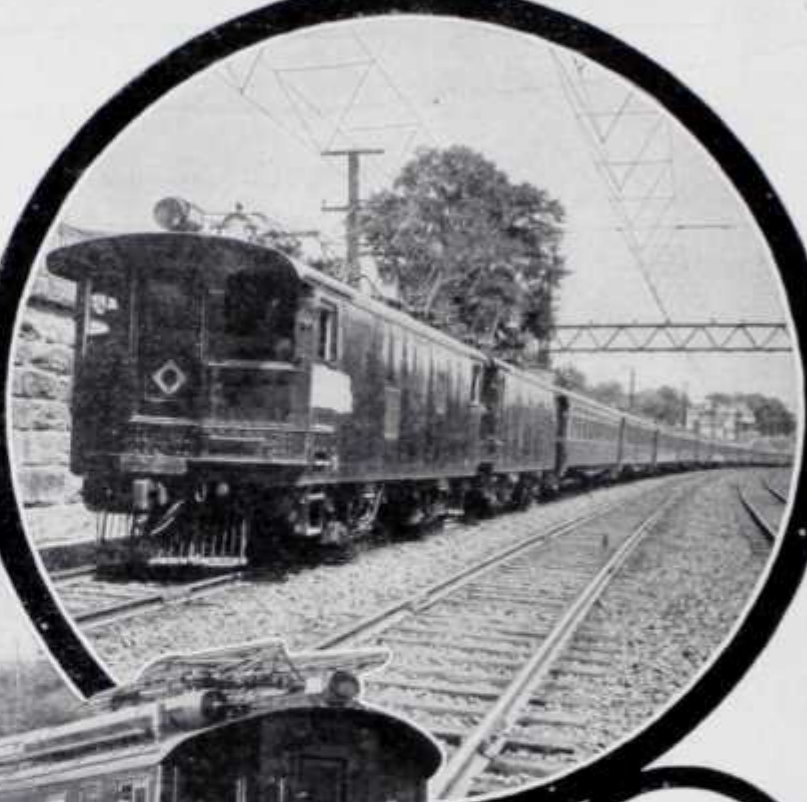
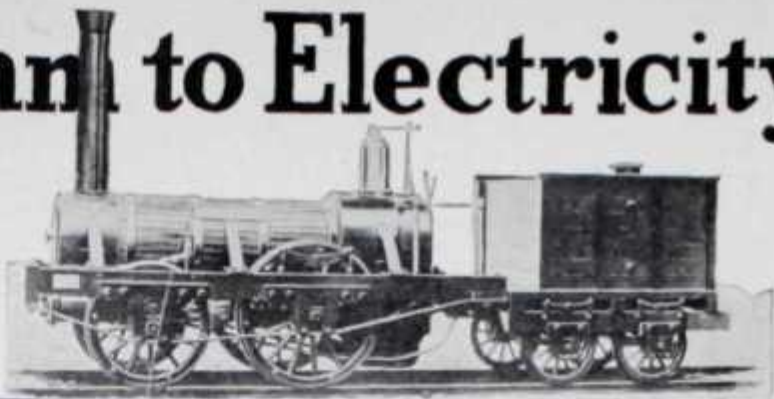
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## THE NATION'S BUSINESS A MAGAZINE FOR BUSINESS MEN



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under act of March 3, 1879.

WASHINGTON, JANUARY 1918

## Eliminating An Overlooked Waste



THE Humboldt River in Nevada is called by the natives the "Locoed" River because it twists and turns in a remarkable manner for reasons beyond comprehension.

The "Locoed" River resembles many systems of cost accounting by performing a lot of unnecessary work, the difference being that this river arrives somewhere—the somewhere is a huge hole in the desert. In this respect many cost accounting systems resemble this river, by winding up in a huge hole in net earnings.

This resemblance of many costing systems to the "Locoed" River—means much greater Cost Keeping cost than necessary, and delay in arriving at definite results.

There is still another river which many costing systems resemble—the River of Doubt. Doubt as to whether they give all the information required as to costs and the trend of efficiencies. Doubt of the wisdom of such tremendous expenditure of money and energy for the results they secure.

Most systems of Cost Accounting for standard lines ignore the fact that to record the same information over and over again is unscientific waste. Many the system by which the same piece rate is retained for a certain operation while the earnings under this rate are distributed to the detailed costs thousands of times each year.

After designing many systems of cost accounting regarded as perfect examples of accepted methods, Mr. G. Charter Harrison realized that the results obtained were not commensurate with the money and effort expended.

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Is your Cost Keeping cost higher than you think it should be? Does your present system prove itself a reliable index to operating efficiency? Has it any resemblance to either the "Locoed" River, or the River of Doubt?

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The buildings shown on this page, covering from top, are as follows:  
POWER-HOUSE OF SAN ANTONIO GAS AND ELECTRIC CO.—Roofers: Feden Roofing Co., Houston, Texas; LAMAR STREET SCHOOL.—Arch: Adams & Adams; Roofers: Turner Roofing & Supply Co.  
JOHN FOSTER BUILDING.—Arch: Allen R. Ayres; Roofers: Turner Roofing & Supply Co.  
DAILY EXPRESS BUILDING.—Arch: August A. Hoff Co. and Alfred Giles Co.; Roofers: Turner Roofing & Supply Co.  
MAIN AVENUE HIGH SCHOOL.—Arch: H. H. Cameron; Roofers: Henry Vedre.  
FREIGHT WAREHOUSE OF SAN ANTONIO BELT AND TERMINAL RAILWAY.—Roofers: Turner Roofing & Supply Co.  
SHOCKENBURG HIGH SCHOOL.—Arch: Alfred Giles Co. and C. V. Smith; Roofers: Turner Roofing & Supply Co.



# THE NATION'S BUSINESS

A Magazine for Commerce Business Men

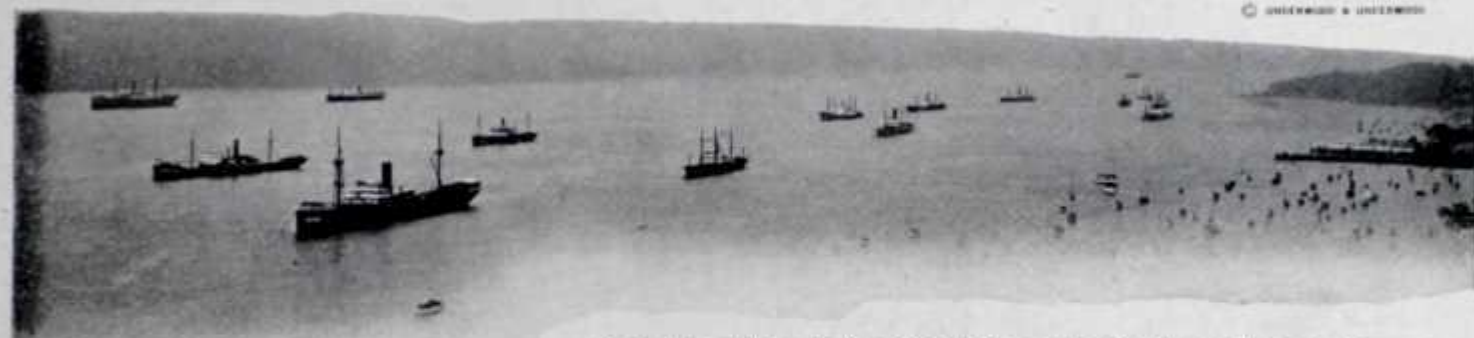
VOLUME 6, NUMBER 1

WASHINGTON, JANUARY, 1918

## The Invisible War

Silently and Unnoticed, a Great Strategy Is Drawing Tight the Economic Net about Germany—and Thus America's Oft-Scorned Trade Instinct May Yet Write History's Sixteenth Decisive Battle

By J. WAINWRIGHT EVANS



Dutch ships held up in New York harbor waiting for their sailing permits.

**W**HAT may someday be called the greatest, because the most decisive, battle of the war is being fought right now—unseen, unheard, unnoticed by most of the world. It is far removed from "the thunder of the captains and the shouting." It is being fought to its grim finish without the use of a single gun or an ounce of powder or the shedding of blood. It will end when the war ends. The winning of it may mean the winning of the war. Its outcome will probably determine the When and How of Germany's surrender to civilization. And defeat in this, if defeat were possible, might well mean defeat in all.

The fury of its action is as great in its way as the audible, visible fury of the struggle at the front—the edge of its strategy is as keen; and yet it goes forward in silence, invisible as air, showing itself perhaps in an occasional stroke of a pen that expresses the fiat of a small group of close-mouthed men in a small suite of offices in Washington.

Little by little there is being heaped upon the shoulders of Germany the dead-weight of the whole world—the dead economic weight of the resources of the whole earth; and the heaping is being controlled, directly or indirectly by that small group of men in Washington called the War Trade Board.

Nothing more effective for stopping in mid-flight Germany's career of world conquest could be conceived, short of shutting off the very air the Germans breathe. No man can long fight and keep his morale on an empty stomach and in want of the things which have become for him necessities of life. Take away most of his food and other essentials and he will not necessarily starve. He will contrive to keep body and soul together but he will not indefinitely hold his own against

the man who fights on a full stomach. Germany was having sufficient trouble in the getting of necessities long before we came into the war. But though her situation was difficult, it wasn't as bad as it might be. England's embargo was far from watertight. There were scores of leaks through which enormous quantities of essential merchandise reached Germany. The question of shipments going through the Holland and the Scandinavian countries was a very perplexing one.

Not only did neutral commerce have to be handled with gloves, but even the shipping between Great Britain and these countries proved an avenue for contraband. Fine linen falsely patterned to imitate inferior grades, got over into Norway without question, and went later into the making of Zeppelins and airplanes.

### The Hole in the Net

**W**ITH the utmost England could do, a completely effective blockade of Germany was out of the question. One of the first things that happened, for instance, was trouble with the United States. We were a neutral nation; and we protested with greatest vigor at the stoppage of goods which were destined, directly or indirectly, to find their way into Germany. It might be one thing or another billed to Holland or Scandinavia—something not contraband, but something nevertheless which would make possible the release of some other product to Germany. Here, for instance, was a barrel of flour, that would bump another barrel over into Germany. And so it went.

It was an extraordinary situation and England took unusual steps to meet it. At first she announced that no vessel of any nationality could get bunker coal if it was chartered without the prior approval of the British authorities.

England didn't say to the ship wanting coal, "You must get a charter from us." What she said was, "Get a charter anywhere you like; but, if you don't, in the greatness and the kindness and tenderness of your heart, get our approval of your charter, we can't give you coal. Do just as you like." England made no attempt to dictate to us in the matter of her blacklist. She did all her dictating at home. She said to her home merchants, "Here, those people can do as they please; but if it isn't what we please, you don't do business with them."

### Taking Our Own Medicine

**D**URING the Civil War we stopped British ships bound for Mexico on the ground that their cargo, when it landed in Mexico would be passed right on to Houston—one continuous voyage. We invented that idea ourselves; and England was very quick to remind us of it when we objected to swallowing our own medicine.

But in spite of England's vigorous application of such principles, our protests and the protests of other neutrals did considerably restrain England's embargo activities. The result was that the leaks persisted, and supplies, absolutely essential supplies, reached Germany in large quantities. If Holland got grain, for instance, it reached Germany perhaps in the form of dairy products and meat; and when England intercepted our grain shipments to Holland for that reason, the situation had all the makings of a fine row in it, as was soon evident.

What finally happened in the case of Holland was that England relaxed the original ruling that allowed nothing to get into Holland, and permitted the passage of certain goods when assigned to the N. O. T.—the Netherlands Overseas Trust—which vouched



that the goods would stay in Holland. Another provision was that all goods from the Dutch Colonies assigned to the N. O. T. were to pass without question. That is how Germany got tobacco for her troops.

The ways in which Germany might indirectly benefit by the shipment of goods even when those goods were held in Holland are many and obvious, and yet impossible to trace. In short, the English embargo, calculated to stop supplies from reaching Germany was not and could not be, in the nature of the case, a complete success—though the cries sent up by Germany about the starving of innocent women and children showed clearly enough that the shoe was beginning to pinch. It may be added in passing that a military order in Germany had withdrawn all food from the control of the civilian population and given it to the army for distribution; in consequence of which all food going to Germany passed into the hands of the army and was therefore put to military use and under military control, so that it became clearly contraband.

Cotton flowed into Germany in spite of the fact that England knew it was being used for the making of smokeless powder. The reason cotton went through was not that England was negligent in the matter, but simply that she was considering our wishes at her own expense. In like manner foodstuffs were deliberately allowed to pass, because we were in a position to retaliate if we chose, by putting an embargo on shipments destined for Great Britain.

#### No Oranges—No Pyrites

ENGLAND however, could not afford to ignore the chance; and she wanted our good will.—Spain did take just such retaliatory action. In spite of the fact that England early declared citrus fruit not a necessity, and had forbidden its importation, there are an abundance of oranges—Spanish oranges, in England to-day. Spain, up to the beginning of the war, had been supplying England with oranges and with pyrites, from which sulphuric acid is made, sulphuric acid being absolutely indispensable to the manufacture of munitions.

"We are sorry you don't want any more oranges," said Spain; "and we regret that we shall not be able to send you any more pyrites till your appetite for oranges improves." So England again took to Spanish oranges.

A similar thing happened when Great Britain told Sweden she didn't want any more dried fish. "That's too bad," said Sweden. "Because we can't spare you any steel hereafter unless half of every steel cargo is fish." So England took the fish with the steel.

But from the beginning Germany was set on hanging herself if she could only get enough rope. As quickly as she could she effectively stopped the leaks which the British blockade could not take care of—the leaks which our insistence on our rights in international law had kept open—by forcing us to declare war on her. It has been called one of the most magnificent stupidities in history. Our entrance into the war was the beginning of the end, not merely because of the men, supplies, and ships we can furnish, but because it completes and perfects the British embargo.

England's blockade depended largely on the activity of her navy. She intercepted ships and said to them, "You shan't go on." Some slipped by; and others were not too greatly interfered with for reasons already indicated.

Our blockade, however, is a very different thing. It stops the shipment, not at Germany's doors, but before it has a chance even to start. It stops trade intended for Germany at its very source; and it does not release it till all possibility of Germany directly or indirectly benefiting by it is eliminated.

**M**AKING an economic outcast out of Germany will do more than hasten the end of the war; it will force Germany to walk in the paths of civilization when the trenches have been emptied. This phase of the trade fight was brought out by President Wilson in his message to the present Congress:

"It might be impossible, also, in such untoward circumstances, to admit Germany to the free economic intercourse which must inevitably spring out of the other partnerships of a real peace. But there would be no aggression in that; and such a situation, inevitable because of distrust, would in the very nature of things sooner or later cure itself, by processes which would assuredly set in."

Our power over the commerce of the world in this connection is due in part to our geographical location. We are the source of many essential articles of commerce; and we are able to make full use of our strategic advantage because we are acting in concert with the power that controls most of the things which we do not control—Great Britain.

One example is rubber. The British have long dominated the plantation rubber market in the Far East; and since the beginning of the war they have gained control of wild rubber, from the Amazon region of South America. To obtain that control meant the use of very great pressure in certain directions; but Great Britain did it. And now, since we have taken a hand in the game, the result is that such pressure can be exerted, not in a few directions, but in practically all directions.

Another instance of British control over a necessary product is to be found in nickel. Most of the world's supply of nickel comes from Canada. Nickel is a very important article in war. Canada used to send all the nickel down to the United States for refining instead of refining it herself. But she recently started up a refining business of her own under circumstances not devoid of humor. The *Deutschland* returned to Germany with a good fat cargo of refined nickel. Canada has its own refineries now; and besides, Germany effectively stopped that leak after the departure of the *Deutschland* by getting into war with us.

#### How the Machinery Works

**H**ERE'S an example of how we work our own end of the game. Nitrates come from Chile. We do just what England has done in certain cases from the start. We don't say "you shall" or "you shan't" to Chile or anybody else. What we do is explain our position.

No reasonable person would think of asking us to furnish bunker coal to ships carrying contraband articles to our enemies. We wouldn't ask it of Chile, and Chile wouldn't ask it of us. There is no hold-up about it, and no attempt to dictate. We can and do explain our position to neutrals; and then we suggest a possible way out. For instance, we'll be glad to buy those nitrates ourselves. In that way Chile's trade is not interfered

with, and there's no trouble, either about the bunker coal or anything else.

Suppose Chile wants very badly some article like soap. When those nitrate-laden ships arrive, we pack them with soap, or anything else in reason that Chile needs, and so both sides profit by the transaction; and Chile understands that we have inconvenienced her as little as the necessities of war would permit.

This instance is hypothetical, and typical. Things like that are happening between us and other countries all the time; and it is the business of the War Trade Board to adjust the whole matter with as little friction as may be necessary in any given case. The adjustment is invariably made.

We look at the goods we are shipping to South America. We naturally don't want to let those goods get started unless we are sure they aren't going to be reshipped to Germany. That is only fair and right. To this and the War Trade Board has a very efficient card index system that Germany doubtless wishes well out of existence.

Here, say, is a South American firm with the innocent-looking Anglo-Saxon-American name of Smith and Jones. But an investigation has shown that its real name is, or should be *die Schwartz Gesellschaft*. Very good! Any American merchant who wants to deal, either with Smith and Jones or any other South American firm, has to get, not merely a license to export his goods to South America, but also a license to trade with the particular firm he has in mind. And he can get it without difficulty—if that firm is on the white list, not otherwise. Later this plan of control will be extended to all the neutral countries of the world.

#### No Undue Interference

**T**HIS system is not allowed to interfere with our legitimate South American trade however, and it works no inconvenience either in South America or here; because the War Trade Board stands ready to substitute for Smith and Jones, alias *Schwartz Gesellschaft*, a firm with no underground German connections.

The situation with regard to such countries as Holland, Denmark, Norway, and Sweden is particularly acute. It is likely, for instance that either Holland or Denmark could easily get into war with Germany by finally having to give way to the pressure which is now being applied by us and our Allies. Coal is worth \$80 a ton in Holland. Wheat can hardly be had. But if Holland finally agrees to stop her German trade in order to get necessities from us, what will be the German reaction. Germany is in a mood where she is as ready to hang for a black sheep as a white one; and the prospects for these small neutrals is a grim one.

Here are a few cold figures showing the exports of domestic merchandise from the Port of New York during the months of October, 1916, and October, 1917. They tell their own story vividly:

	1916	1917
Belgium .....	\$1,462,021	.....
Denmark .....	\$2,338,599	\$10,073
Netherlands .....	\$5,540,100	\$5,477,082
Norway .....	\$3,457,935	\$477,521
Sweden .....	\$3,951,168	.....

Consider the exports to Norway and Sweden. A wall of steel could hardly be more effective, so far as Germany is concerned. The goods



just aren't there to pass on. That's self-evident.

Nevertheless, it is far from our wish to subject these neutral countries to a bit of unnecessary hardship. The solution would seem to be for this government to ascertain exactly how much of these necessary things these buffer countries need for their own use, and then send them that much and no more. So far, however, none of them has given us the necessary information, in spite of their positive assertions that they have been using all imports for their own needs. Assertions of that kind, however, need further proof in view of such figures as these, taken from the note of the British Secretary of State for Foreign Affairs on January 7, 1915, to Ambassador W. H. Page. They have to do with exports from New York for November, 1913, and November, 1914, respectively.

Denmark .....	\$558,000	\$7,101,000
Sweden .....	\$337,000	\$2,858,000
Norway .....	\$447,000	\$2,318,000
Italy .....	\$2,971,000	\$4,781,000
Holland .....	\$4,389,000	\$3,960,000

Nothing could be plainer than that the situation has reached a point where something will have to break. And when the thing develops, the American people will fully realize for the first time just what sort of

battle it is we have been fighting long before we have been able to jump into the trenches with a rifle and do our part against the German guns.

The thing which has given us this wonderfully deadly weapon against Germany is a clause that rode into the statute books on the back of the Espionage Act, passed last summer, "to punish acts of interference with the foreign relations, the neutrality, and the foreign commerce of the United States, to punish espionage, and better to enforce the criminal laws of the United States, and for other purposes."

Teeth for the Espionage Act

TO enforce the provisions of the Espionage Act, the War Trade Board was brought into existence. It is an outgrowth of what was originally called the Exports Council, created June 22. This became the Exports Administrative Board on August 21, and took its present name and broader functions on October 12.

Its membership is as follows: Vance McCormick, representing the Secretary of State, *Chairman*; Thomas D. Jones, representing the Secretary of Commerce; Albert Strauss, representing the Secretary of the Treasury; Clarence M. Woolley, representing the Secretary of Commerce; Dr. Alonzo E. Taylor, repre-

senting the Secretary of Agriculture; J. Beaver White, representing the Food Administrator; Frank C. Munson, representing the United States Shipping Board, and Lawrence Bennett, *Secretary*.

The Board has nine bureaus to work through. They are the Bureaus on Exports, Imports, Enemy Trade, War Trade Intelligence, Transportation, Administration, Research, Tabulation and Statistics, and Foreign Agents and Reports.

Under its name of Exports Council, the Board loosed its first broadside at Germany when the President issued his proclamation on July 9 prohibiting the exportation of wheat, coal, steel, and many other vital products without a license. That measure had four objects:

To keep in the United States those materials which were needed at home.

To give our Allies the preference in materials that might be exported.

To distribute intelligently our surplus among neutrals.

To see to it that none of our goods leaked into Germany.

And we have gone after Number Four with a vigor which we ourselves do not fully realize, but which Germany is by this time very much awake to.

The provision giving (Continued on page 40)



Here is one reason for the persistent refusal of the Germans to be starved. The picture shows 82,000 barrels of fish from Norway that have been unloaded on the docks at Hamburg. The sea harvest in waters controlled by the enemy is one of the few sources of supply that the Allies have been unable to shut off.



# MORE THAN MONEY

## The Real Job of the New War Saving Stamp Is To Promote Thrift and by Keeping Down Demand for Useless Things, Release More Labor for Work on Ships and Shells

By **FRANK A. VANDERLIP**

*President of the National City Bank, New York*

**P**RESIDENT WILSON has said "no individual in this great country can now expect ever to be excused or forgiven for ignoring the national obligation to be careful and provident of expenditure, now become a public duty and an emblem of patriotism and honor. I suppose not many fortunate by-products can come out of the war, but if this country can learn something about saving it will be worth the cost of the war; I mean the liberal cost of it in money and resources."

The United States Government's War-Savings Plan dovetails exactly with this utterance by our President, and under the direction of Secretary of the Treasury William G. McAdoo, a plan is in operation which offers every opportunity to the great citizenship of this country to live up to its patriotic duty, as pointed out by President Wilson.

The War-Savings Plan makes it possible for every individual in the Nation to translate his patriotism into financial action and render able assistance in the winning of this great war. There is an enormous and splendidly eager army of small savers ready to come forward to do their part in this great cause.

The Liberty Loan brought out a most gratifying response from the people of the United States. The call of patriotism and duty was wonderfully answered within the limitations of the Liberty Bonds. One person in every ten in this country now owns a Government security, whereas, prior to the great Liberty Loans, scarcely one person in three hundred owned or had ever seen a security of any kind.

It is my expectation and hope that by the end of 1918, or perhaps before, if the \$2,000,000,000 War-Savings Stamps have been disposed of earlier, that thirty out of every 100 of our citizens will own a Government security, evidenced by Liberty Bonds or War-Savings Stamps. I believe that 30,000,000 people, whether previously owners of Liberty Bonds or not, will avail themselves of the opportunity to purchase War-Savings Stamps.

In order to bring this about, and it will be done, for the response of the great American people will be prompt and patriotic, the per capita savings in the United States must be increased by \$20. Our per capita savings are now estimated at \$50. In Denmark and Norway the per capita savings are \$70, in Switzerland \$86, in Australia \$91, and in New Zealand \$98.

### Competing With the Government

**I**T is apparent, therefore, that we, in this country, have only started to save. We are getting the highest wages in the world and have had the best opportunity in the world to save. Unfortunately, we have been extravagant and too much inclined toward care-free living. It is not a difficult matter to save if we realize that by saving we are helping those who are undergoing indescribable hardship and discomfort and risking their lives every day for us and for our country's sake.

The President's statement brings us up sharply impressed with our duty and obliga-

tion in this war. The duty devolves upon every man, woman and child to conduct their living affairs and their requirements so as not to interfere with the Government's demands for war purposes. Nothing can be allowed to interfere with the winning of the war, else humanity will suffer and liberty will be no more.

The stupendous total of the war expenditures which will this coming year be met by our Government is so colossal as to be with difficulty grasped by the mind of any individual. One can better appreciate what \$21,000,000,000 means, the amount appropriated by the last Congress, if one pauses to think that the total expenditures of this Government from the year 1791 to January 1, 1917, covering a period of 126 years, including cost of our wars and every other expense of the Government, was only a little more than 26 billions. This is only five billions more than the sum appropriated by Congress at the last session.

This tremendous sum represents nearly half of the Nation's annual income from all sources, including wages, income from investments, etc. It cannot come from the past savings of the people, which represent in part the accumulated wealth of the Nation, for the savings have already been invested in railroads, public utilities, factories and machinery, public improvements, homes, furniture, etc.

These fixed forms of wealth cannot be turned into dollars with which to finance the war without disrupting our entire economic structure, but the people of this country can furnish labor and material to the equivalent of \$20,000,000,000 by reducing their demands for goods and materials to an extent which will permit the employment for war purposes of all labor and material not otherwise absolutely needed. Enough can be saved by this method to permit the Government to finance this great expenditure; to employ this great amount of labor; to purchase this great amount of material, if the savings created by reduced individual demands are promptly lent to the Government by the people.

There is in this country only a certain supply of coal, wood, iron, food, clothes, etc. Our normal demand consumes nearly all of that supply. Now comes the war with a gigantic extra demand. The supply cannot meet both our regular demand and the war demand in full. Therefore, one must be cut down. The war demand cannot be cut down because the Government must supply in lavish abundance those things necessary to winning the war.

Obviously, we the people, must cut down our demands. We must remember that the huge sum of \$20,000,000,000 will be effective only as a measure of the goods and services that can be bought with it. To supply these urgent needs requires the entire power of the country. But there are limits to the goods and services that can be produced during a given period. The person, therefore, who buys an unnecessary thing, however small the cost and no matter how well able he is to pay

for it, is competing with the Government for the labor used in producing it and this labor is taken away from the great task of producing necessary goods.

In order to organize the Nation thoroughly for the present gigantic struggle, we must learn this great lesson. The Government needs the greater proportion of the available total of goods and services and everyone must forego the purchase of the unnecessary things in order that all man and machine power of the Nation may be set to producing those things which are directly or indirectly essential to the Nation's high purpose—the winning of the war.

Good Americans must analyze their expenditures by that standard and avoid competition with the Government. If we do this we can reveal a capacity for saving that will put the people in position to supply the Government with all the money and producing energy it needs. The vast resources of the United States, if really mobilized to this end, and intelligently coordinated, will be irresistible.

### The Little-Baby-Bond

**T**HE Government has gone as far as it can go to meet this situation. It is now up to the great American public to meet the Government half way. The Nation can show its loyalty and prove that it realizes its individual responsibilities and duties in doing what each one can do to maintain the principles of human liberty. The patriotic enthusiasm that brought millions of dollars out of people's pockets during the Liberty Loan campaigns has demonstrated beyond doubt the loyalty of Americans, and is a promise that the opportunity needs only to be presented to secure instantaneous and most loyal support from every individual in the country.

The War-Savings Plan offers the safest, most convenient and most profitable method of accumulating savings that has ever been presented to any people. War-Savings Stamps represent the finest gilt-edge investment ever offered by any Government to its people.

The Government is tapping new springs of resources when it goes to all the people with a financial obligation so designed that every one, even the children, can become an owner of a \$5.00 War Savings Stamp, which is virtually a United States Government little-baby-bond backed up by the entire resources of the United States.

We expect the people of the country to purchase the entire two billions of the authorized issue of War-Savings Stamps as patriotically and as enthusiastically as they responded to the Liberty Loan appeal. But there is a far deeper significance involved than can be measured by the actual \$2,000,000,000 raised by sale of War-Savings Stamps and Thrift Stamps. The money to purchase this \$2,000,000,000 issue must come from the savings, the sacrifices, and the devotion of the people. If habits of thrift can, through this most practical plan, be inculcated in the minds and lives of the American people—if we can turn from being a spendthrift nation to a thrifty



nation—then something of far greater importance than the raising of many billions of dollars will be accomplished for the nation. Such a result would counteract in its far reaching value in the future many of the terrible losses of the war.

**N**OW is the time to set about this cultivation of habits of thrift and reduction of our demands for goods and services that the Government needs and we do not need. Nothing should be purchased or used except that necessary to maintenance of our health and efficiency. That should be the measure of our expenditures and that should measure the limit of our demands. It cannot be too strongly urged that the cutting down of unnecessary expenditures is absolutely essential in winning the war. It is very evident that the war cannot be won or the principles of human liberty be maintained if we continue to live in ease and comfort, careless of responsibilities that fall upon us individually.

No one should dare to say he has a right to spend his money as he chooses when the liberties of the world are threatened and only the very highest efficiency in money, man power and materials can in this great emergency make the world safe against Prussian Autocracy.

We must all fight in one way or another, and under the United States Government's

War-Savings Plan it is now possible for fathers, mothers and children to make sacrifices and to render service which will measure up in importance to that being rendered by our brave sons and brothers who are ready to offer up their lives on the altar of their country. With this opportunity the War-Savings Plan provides an opportunity for the individual to help himself to save systematically and advantageously by investing those savings in the best security in the world and at the highest rate of interest ever offered by the Government for the small savings of the people. The Government needs this money now. We will need it after the war. Saving is the only royal road to individual success.

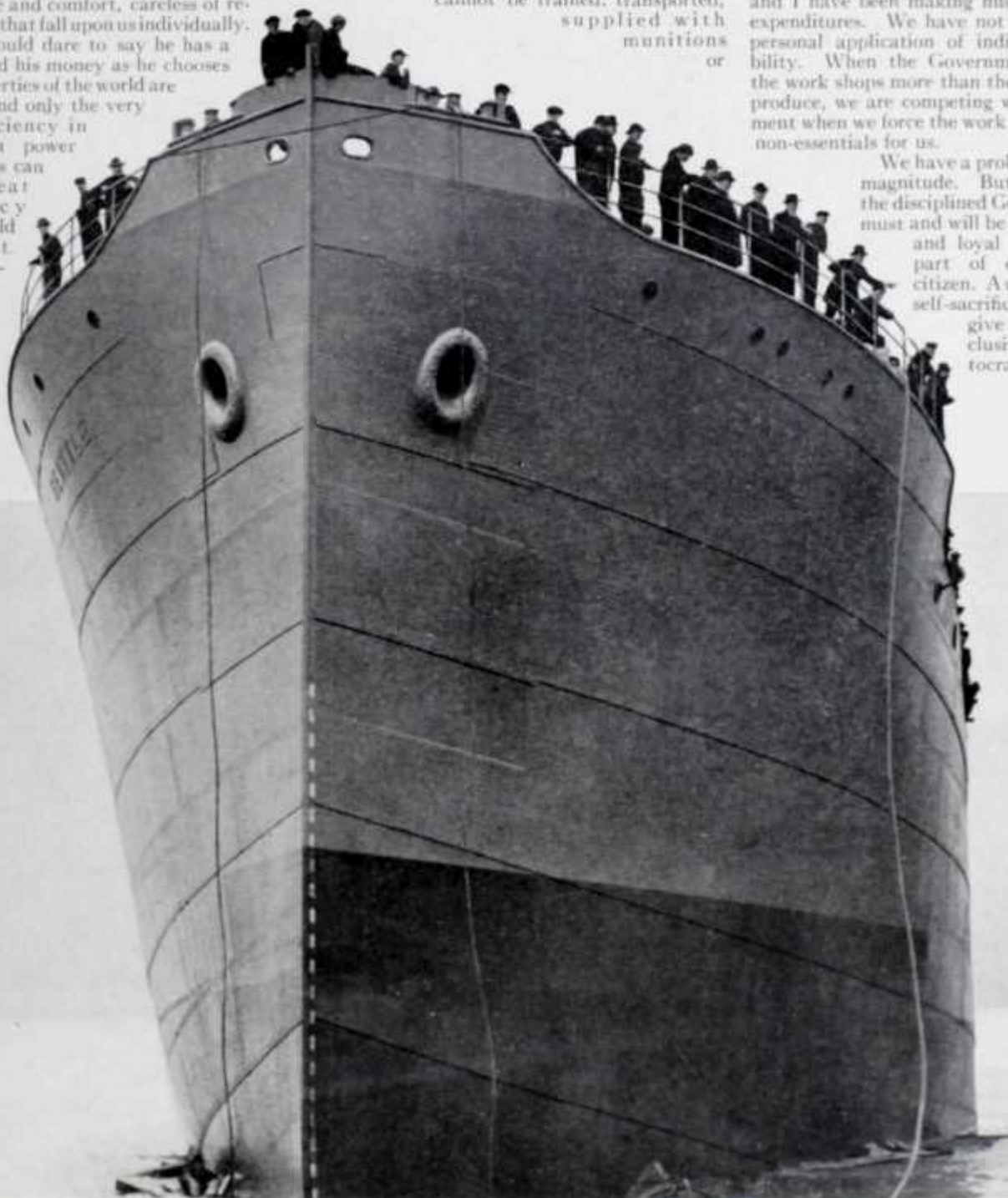
Modern warfare is 75% industrial effort.

Money is the motive power that sends armies forward efficiently equipped and munitioned, for without money armies cannot be trained, transported, supplied with munitions or

fed. Without united effort on the part of every American citizen the war may be forced to stop and we may have to make an unsatisfactory and dishonorable peace. This is no time for each one to think the little he can do is so small that it is not worth while. Everyone can save a little. Everyone can help in the conservation of man power and material, and everyone can avoid waste of all kinds. Waste costs lives, and delay in answering the President's call to duty will cost more lives.

**I**F we make sacrifices to support the Government we have a perfect right sternly to demand the best possible use of the fruits of our sacrifices, but at the same time we must recognize something of the extraordinary character of the task, some thing of the tremendous burden that has been laid upon the shoulders of those who are responsible. You and I have been making mistakes about our expenditures. We have not seen clearly the personal application of individual responsibility. When the Government wants from the work shops more than the work shops can produce, we are competing with the Government when we force the work shops to produce non-essentials for us.

We have a problem of terrifying magnitude. But the answer to the disciplined German Autocracy must and will be a free, voluntary and loyal response on the part of every American citizen. A united and wholly self-sacrificing America can give a final and conclusive answer to Autocracy.



Here is the Seattle—first ship of the government's Emergency Fleet—after being launched at the city that gave her its name. She was started down the ways on November 24, just 77 days after her keel was laid. Money did not do the work. It was the big, hard hands of men who handled and fashioned the shapeless ores from the time they left the mines until the plates felt the salt water sustaining them. If a man buys an extra penknife or a woman pays five cents for hairpins she really doesn't need, just that amount of material and that amount of surely needed labor is taken from the vital demands of the war program. Money put into the War Savings Stamps does not go into the market to compete with the desperately rushed supplies of the nation.



# THE SKELETON IN OUR FOREIGN TRADE CLOSET

No. 2—It Is the Formidable Sherman Law, and the Fear of It Keeps Our American Traders from Venturing Away from Home into the Markets of the World

By WILLIAM S. CULBERTSON

*Of the United States Tariff Commission*

THE war is modifying our traditional attitude toward foreign trade. In the past we have concerned ourselves, and rightly so, with domestic business problems. A change, has come, however, in our economic life. We are destined to play a leading part on the international stage. Our eyes have been opened to the opportunities of foreign commerce. Recent events have demonstrated to us better than debate that we cannot continue indifferent to the great industrial, financial, and commercial movements of the world.

Our laws regulating cooperation and competition will have to be made to conform to the new conditions. When the Sherman Law was passed in 1890 Congress was concerned almost wholly with large business combinations, which threatened to control the home market. This law was enacted as a protection, first to the small business man, and secondly, to the American consumer.

The aim was to protect American citizens as producers and to keep the channels of trade free and open so that competition might function properly. In addition, it was intended to protect the American citizens as consumers and to insure them, through the operation of competition, products of good quality at fair, competitive prices.

This law—probably never intended to apply to associations engaged solely in export trade—while of salutary effect in domestic trade, has proved a hindrance to the expansion of our foreign trade. Competition among American business men in marketing their products abroad injures no interest except American, and plays into the hands of the business interests of foreign countries. In foreign markets our business men are set upon not by individual competitors but by combinations of competitors who have pooled all their industrial, commercial, and financial strength in a common cause.

## What the Courts Have Decided

THE Sherman Anti-Trust Law, or at least the business man's conception of it, has hindered constructive work in the organization of export associations among American competitors. Business men have been afraid to combine for foreign trade because they are forbidden to combine for domestic trade.

The enactment of the Webb-Pomerene Bill, which declares that the Sherman Law was not intended to operate against competitors cooperating for the purpose of competing effectively with foreigners, was desirable before the war; it is now a necessity. It has been endorsed by the President, has passed the House of Representatives twice, and is now unfinished business in the Senate. Its passage will enable business to meet the new opportunities which the war has opened to it and will at the same time give the Government the means by which it may direct the benefits of foreign

trade into channels of national "welfare."

Public interest requires that our business men be encouraged to take a more permanent, active part in foreign trade. The general public that is interested in being protected from

WHAT DID Congress mean when it said to business men, "You shall not combine"? It meant to prevent monopolies in the domestic trade of the United States—that's clear—but did it intend to prohibit cooperation between Americans engaged in foreign trade? That's not so clear.

While the doubt lasts, American trade suffers. American workmen, investors, consumers, manufacturers—the American public suffers. Every time two or more men interested in trade beyond our own borders think of coming together in order to match their combined wits against the combined wits of their competitors from other countries, somebody shakes the bones of the skeleton in our foreign trade closet.

If export associations are not legal, they must be made legal. Court decisions seem to indicate that they are legal now, but still there is the doubt. Pending action by Congress on the Webb-Pomerene Bill, which would remove the uncertainty, business men must get what light they can from the decrees and findings of the courts.

A capital fact to hold fast to in considering this question is the test applied by the courts in determining the reasonableness or unreasonableness of cooperation in foreign trade: Is any American interest prejudiced? The persons for whose benefit the anti-trust laws were passed are land, or of Germany, or of South America, or of Japan. It seems to be a reasonable conclusion, then, that combination of Americans in foreign commerce which does not injuriously affect our domestic trade does not violate the anti-trust laws.—Editor.

monopoly and oppressive trade methods within the United States is also interested in the effective competition with foreign combinations; cooperation among American business men will make possible.

Some decisions of our courts, which are not sufficiently conclusive to justify business men in investing large sums of money in export associations, support the interpretation of the Sherman Law embodied in the Webb-Pomerene Bill. While the United States Supreme Court has not passed specifically upon the legality of contracts, agreements, and combinations dealing solely with foreign trade, its rule of reasonable and unreasonable restraints of trade does, as will be considered later, permit them. A number of decisions in the lower courts, however, are directly in point and support the conclusions that export associations are now reasonable and legal.

When the United States Steel Corporation was formed, there was virtually no foreign trade in American steel products. It organized a foreign selling agency to build up such a trade, and at the time of the dissolution suit against the company, this trade had reached a volume of 91,000,000 tons. Of this, 61,000,000 tons represented the Corporation's own products and 30,000,000 the finished steel products of independent manufacturers made by them from steel furnished by the Corporation.

As to this 30,000,000 tons, the Steel Corporation, through its agents in Europe, would find out the price which it would be necessary to make to secure a given order, and then would sell steel to the manufacturer at a figure sufficiently low to enable him to meet that price.

The Court pointed out that the Steel Corporation had built up its foreign trade, not by trade restraints or monopoly at the expense of competitors, but by continuous, indefatigable efforts along legitimate commercial lines.

"We are warranted in holding," said the Court, "that the foreign trade of the Steel Corporation, its mode of building it up, and its retention when built up, are not contrary to the Sherman Law. To hold otherwise would be, practically and commercially, to enjoin the steel trade of the United States from using the business methods which are necessary in order to build up and maintain a dependable business abroad, and if the Sherman Law were so construed, it would itself be a restraint of trade and unduly prejudice the public by restraining foreign trade."

This case is now awaiting argument in the Supreme Court of the United States. The principal controversy is with respect to the domestic, not the foreign, business of the company.

Several cases have been decided in Federal courts involving restraints of trade by ocean transportation companies, and the question naturally arises whether or not the principles laid down in these decisions apply to corporations organized solely for the purpose of marketing American goods in foreign countries.

In these cases, whenever any practices were condemned, it was because of their effect upon American interests. It is obvious that transportation companies, carrying goods between American and foreign ports, will affect the interests of American shippers. Such ship lines, by raising the price of service, by refusing traffic, or by allowing the quality of service to decline, may seriously prejudice the interests of Americans who wish to transport goods to foreign countries. Thus these cases are in a large degree similar to those brought against domestic corporations.

## The Question of the Large Corporation

THE leading cases indicate clearly that persons engaged in ocean transportation between American and foreign ports are subject to the prohibitions of the Sherman Law. The decisions agree in condemning involuntary restraints of trade, such as the use of fighting ships, and it is nowhere held that voluntary combinations, the effect of which is to raise rates unreasonably or to deteriorate service to the injury of the American export or import trade, are not lawful.

The point at issue in the Hamburg-American, the Prince Line and the American-





THERE are few living things on the earth which do not enter somewhere into the vast web of international trade. Asia Minor's stately cypress trees are in great demand in the United States for the manufacture of musical instruments. Because of its extraordinary lasting qualities it is called the "everlasting wood." The cypress gates of St. Peter's Church in Rome, erected in Constantine's time, stood eleven hundred years—and were still in perfect condition when Pope Eugenius IV rewarded their centuries of holy service by placing brass ones in their stead. Some writers insist that the gopher wood of Noah's ark was really cypress. For a thousand years the trees in the picture have bordered the gardens of the Sinaitic Monks in the sun-baked desert near the place where Moses received the Ten Commandments.



Asiatic cases was whether or not a voluntary restraint of trade which results neither injuriously to competitors through unfair methods of competition, nor injures the American public through the increase of prices or deterioration of service, is in violation of the Sherman Law—I. e., the question was whether or not a large corporation which dominates the market is for that reason alone in violation of the act.

The same point is involved in the Harvester case, now before the Supreme Court. Even if these combinations of transportation companies, however, were held to be illegal because they dominated the market, it would not necessarily follow that export associations, the sole purpose of which was to market American goods abroad, would be in violation of the Sherman Law.

Under all the Sherman Law decisions the public to be protected is the American public, and in the case of ocean transportation the interests that are directly concerned are American importing and exporting interests. In the case of export associations, however, the only people interested are the people in foreign countries, and it has never been contended that the Sherman Law was intended to be a protection to them against effective American cooperation.

#### Agricultural Machinery and Watches

It is worth while noting that when the Government brought its suit against the International Harvester Company, it appeared that the defendant practically monopolized the foreign trade in agricultural machinery. One of its contentions was that it combined for the purpose of extending its foreign trade. It is significant that the Government did not make its control of the foreign markets a ground for attacking it under the Sherman Anti-Trust Act.

The Keystone watch case involves, among a number of other points, the validity of certain exclusive agreements for the purpose of controlling export trade in watches. The facts on this point are thus stated by the court: "The course of the watch trade in the United States differs from its course in foreign countries. Here, both the jobber and the retailer buy movements and cases separately, and the retailer fits the case and the movement together as the ultimate consumer may desire. But in foreign countries both the jobber and the retailer deal in the completed watch. Efforts by the American companies to change the foreign course of trade were unsuccessful, and it was found that the custom there must be respected, and that watches must be exported in completed form. The agreements referred to were made with the object of securing a share in this comparatively unoccupied field.

"The Keystone Company obtained from the Waltham and the Elgin companies the exclusive right to sell their movements in certain foreign countries, fitting the movements into the Keystone cases. The Waltham contract covers the continent of Europe, with the exception of France and Spain, and in this territory the Waltham Company had previously been doing but little business. The Keystone cases were to be made at the Riverside plant, and all the movements were sold to the Keystone Company at favorable prices for such export trade only.

"The Elgin contract makes the Keystone Company the sole export jobber of the Elgin movements, except for trade to Canada, and fixes prices for the movements for export only, providing that the Keystone Company shall fit the movements into its own

cases, and shall then export the complete watch."

"We see nothing unlawful in these contracts," was the conclusion of the Court. "On the contrary, they appear to show a laudable effort to increase American trade with foreign countries. They were intended to help our own merchants in the struggle to enter new markets, and we are unable to find that they operated injuriously to restrain the trade of any American competitor."

This case has been appealed to the Supreme Court of the United States, on the ground among others, that the lower court erred in "failing and refusing to find and adjudge that the contracts whereby the Keystone Watch Case Company acquired and holds the exclusive right to sell Waltham and Elgin watch movements in certain foreign countries violates the aforesaid anti-trust act."

#### What Is Illegal

It will tend to clarify the matter if an example of a combination in restraint of foreign trade which the court considered illegal and which would not be made lawful by the Webb-Pomerene Bill is considered.

This is the well-known case of the United States against the American Tobacco Company. The combination in that case, besides monopolizing the domestic trade, made an agreement with two foreign corporations, the Imperial Tobacco Company and the British-American Tobacco Company, by which the Imperial agreed not to engage in the tobacco business in the United States; the American companies agreed not to enter the British field, and both agreed to give a third company, the British-American, exclusive control of the continental European field. It comprised then (1) an agreement by the American not to export from America, (2) an agreement by the Imperial not to export into America, and (3) an agreement by both not to export into Europe.

This case in no way determines the illegality of cooperative export combinations. The contract was designed to secure to the American Tobacco Company exclusive control of the American market, and hence struck at American interests. It was designed to prohibit absolutely all exports by the American Company, rather than to facilitate and promote them. It was also aimed primarily at the elimination of competition in the purchase of raw materials in the United States.

From a review of the legislative history of the Sherman Law, its general purpose, and the interpretation given to it by the courts it is reasonably certain that the voluntary elimination of competition among American exporters in selling their goods abroad is not

condemned by the act, because it does not in any way injuriously affect any American interest.

The United States Supreme Court has held that the voluntary suppression of competition among competitors is reasonable and lawful when no public interest is prejudiced by the undue restriction of competition and the undue obstruction of the course of trade. Some doubt perhaps still exists as to just what prejudices the public interest. A final decision in the Harvester case may clear this up. In any case, however, the public referred to is the American public. Under no circumstances is the Sherman Law intended to free the business men of foreign countries from effective cooperation among American business men.

Since no American interest is prejudiced when American corporations which are competing in the domestic market in the purchase of raw materials, employment of labor, and the sale of products, eliminate competition voluntarily among themselves in marketing their goods abroad, it is difficult to see how associations engaged solely in export trade, regardless of the proportion of the industry involved, are illegal under the Sherman Law.

The Federal Trade Commission, as well as the courts, has gone into this matter of combinations for foreign trade. As the result of their investigations, the members reached the unanimous conclusion that Congress did not intend to prevent Americans from cooperating in export trade for the purpose of competing effectively with foreigners, when such cooperation does not restrain trade within the United States, and no effort is made to hinder American competitors from freely engaging in export trade.

The question arises whether export associations shall be open to all comers or whether each association is to be permitted to control its membership at will. Always, of course, everyone is to be free to engage in foreign trade, but that does not necessarily mean that a given association should be forced to admit every applicant.

#### Getting the Exporter's Opinion

PUBLIC policy does not seem to demand that. The very success of business undertakings often depends upon the proper choice of associates and upon the coming together of those who can work in harmony. So long as the field is kept open by the prohibition of unfair methods of competition, manufacturers should be permitted to group together as they please. Those who are not found to be congenial to others will be at liberty to organize associations of their own. If there should be in any given industry, say 15 manufacturers, and 14 of them should organize an export association and do the pioneer work in their line in certain foreign markets, it would be unfair if the one remaining manufacturer could, at some subsequent date, insist upon becoming a member.

"Do you favor combinations or cooperative combinations, solely for export business, among American manufacturers or producers by common selling agencies or by other means?" "Do you think such combinations are in the public interest?" These two questions were among others put by the Federal Trade Commission to about 26,000 merchants, manufacturers, importers, publicists, lawyers, economists, bankers, and engineers. It was the intention to secure an expression from those who understood foreign trade. "The Commission took particular pains," its report states, "not to confine its lists to classes or groups of concerns whose interests might incline them to (Concluded on page 42)





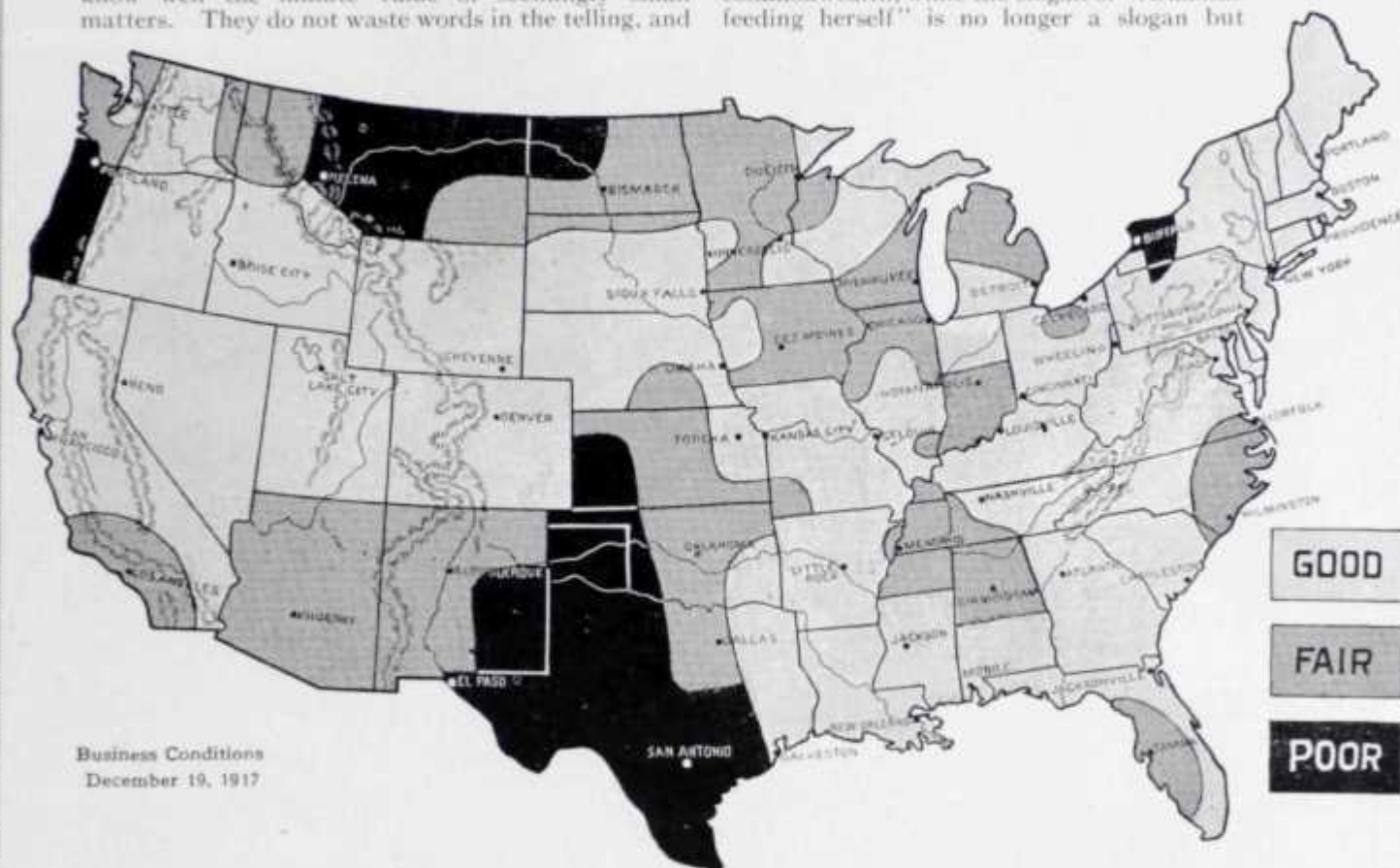
# Consolidating Positions Already Won, the Farmer Brings Up His Heavy Reserves for the 1918 Push

By ARCHER WALL DOUGLAS

ONCE every little while, the corps of competent and experienced observers, upon whose reports these maps and interpretations are founded, take account of stock of all conditions in their respective territories, that there may be thus an up-to-date and complete story of the moving world of business. What they see and note is embodied in very few words, but much to the point, and all comprehensive and embracing in its scope. Nothing escapes them, nothing gets by them, for they know well the infinite value of seemingly small matters. They do not waste words in the telling, and

there is more good corn than ever before, especially in the Southern states, which have increased their production beyond all previous records, until the sum total is about one-third of the entire yield of the country.

The transformation of the South from largely a one crop region to a livestock and food producing country is that of less than a generation and still in progress. Mississippi, now free from cattle tick, boasts of blooded cattle in number second only to one other commonwealth, while the slogan of "Arkansas feeding herself" is no longer a slogan but



there is much to be read between the lines, for they assume that he who edits the material which they collect, knows whereof they speak from his own personal study and observation of each particular territory.

This is the story of their report, and of the kaleidoscope of the industries, great and small, in this wonderful country of ours.

The tale of agriculture is that of a completed and bountiful harvest. Owing to an early and wide extended September frost and freeze, with much ensuing wet weather, there is more than the usual proportion of soft corn in the West and Central West. Much of it has already gone into silos, and more is being fed to livestock, especially hogs. Reports from various sections tell of livestock being shipped into soft corn localities from those states where feed is high-priced and scarce because of drought. Also

a sober reality. Sometimes the enthusiasm of diversification runs ahead of forethought, as in the case of certain districts of the central South where the cult of velvet beans, that great legume for livestock feed, has failed to find a market, for all of an enormously increased production.

It is likewise so in the case of many localities regarding Irish potatoes, which were the favorite vegetable for planting in gardens last spring when the call was for more food production. Now in these same localities there are many potatoes, but no market, and the producers see only a loss awaiting them for all their efforts. So we are beginning to realize that there are three factors in the food problem—production, distribution and conservation, and that the most difficult and unsolved of these is distribution. Especially is this true at a time when the solution of the kindred problem of the railroads (Continued on page 44)



# "Our Present and Immediate Task—"

A Peaceful People, Struggling to Equip Themselves for War, Range through All the Earth and Air Searching Out New Forces for Their Offensive Strategy

By FRANKLIN K. LANE

Secretary of the Interior

THIS has been a year of expansion within the nation.

The acceptance of Germany's challenge and the realization that the national life was now at stake brought at once a new sense of the relative importance of what we did, what we had, and how we used it. Things fell away as of little value which had hitherto been accepted without questioning as worth while, and ideas, resources, powers which had hitherto been slightly regarded rose in their stead into matters of prime national concern.

Unless we could transmute gold and silver into coal and iron they could no longer be called the precious metals, and unless men had the power to convert skill, strength, and imagination into some form of shield or spear they could not play in the great game. Therefore we made new appraisal of ourselves in terms of ability to do something that would hasten the great day of peace. We judged each other by primal standards of proved capacity, not by the standards of a superficial social system. For this is the curse and the glory of war—that it has but a single scale of measurement, it puts but one simple question:

"What can you do to serve me?—for now I am the nation."

It is the directness and the fullness of this challenge that gives war its spell and likewise gives birth to its horrors.

"What can you do to serve me?"

To that question each individual and each department of the Government must give answer. The answer of the Interior Department is that it has put every agency and activity which it has at the service of those departments more directly concerned with war making. Our men of scientific knowledge—metallurgists, chemists, engineers, topographers—have found new work at their hands. The homesteaders and the miners on the public lands have been released from their obligation if they go into the Army or show themselves to be of greater service off their lands than on them.

## War's New Classification

THE Reclamation Service on a million and a quarter acres of irrigated lands and the Indians on a hundred reservations joined in the campaign for more meat and more wheat. The Patent Office has been searched for new devices that could be brought into use to kill the submarine or limit its destructiveness, for the plans of heretofore unused lethal weapons, and for the formulae of improved or unknown sources of power. Before war actually came our department had compiled the data which showed the power of the Nation in mineral and chemical resources, our possible needs, and how they could be met at home or where abroad. Prepared lists of those men who had special knowledge or were of skill along the lines of our own activities enabled us to expand

as the call was made. Under the imperative mandate of war that all things shall become subject to a new classification according to their usefulness in carrying on the Nation's struggle, certain phases of our work have fallen into the background, while others have been brought into the high-light of national importance. We are thinking less, for instance, of the amount of public lands that are

**A** DEMOCRACY making war is never an agreeable sight, for it is not in its normal line of life. And those who sneer or jeer because it does not play the game as well as might be, pay an unconscious compliment to the merits of free institutions.

It takes time to accustom men to the short, hard words of command, and to the surrender of personal judgment. It is not easy, either, for a nation to turn its back upon the conception of a world where justice works out its ends by quiet processes, and in its stand come to the stern belief that the ultimate court is a battle field. So if there is wrenching and sideslipping and confusion there should be no surprise. The surprise to me has been with what comparative ease the transition has been made, and how much unconscious preparation for the new work had been already made.—Secretary Lane.

being taken by homesteaders and are absorbed deeply in scientific work of more recently established branches of the service.

Yet, if we search for the foundation of our strength, the reason that America is an invaluable ally to the western powers, it will be found in the adventuresome spirit and the exploiting energies of those who pushed their way into the wilderness and "took up" Government lands. On these the nations rely to the foods and the minerals which make possible the war's continuance. All others who work on what these produce—the manufacturer-inventor, even the soldier—are impotent without the coal operator, the oil driller, the iron master, the farmer, and the miner, on whom this "war between resources" ultimately rests. And these have been enabled to place themselves in this crisis at the world's service by reason of the generous policy of this Government in the disposal of its lands.

The homesteader, with his covered wagon, was indeed the pioneer in preparedness for this war, and that his work has been well done is testified to by such figures as these: This year the United States will produce roughly five hundred and fifty million tons of coal, three hundred million barrels of petroleum, seventy million tons of iron ore, and over three billion bushels of corn, an increase of over six hundred million bushels over last year.

But the making of war to-day is far more than a test of primal resources; it tests the full powers of the Nation in every resource and capacity and especially along lines of scientific knowledge. And here again we find that the ways of peace have given something in the

way of preparation for war. The scientific bureaus of the Government found themselves converted over night into adjuncts and auxiliaries in the great international contest. Men who had regarded themselves as modestly useful only in the discovering and revealing of new sources of material strength found that their years of experience in the mountains and on the desert, in laboratories and in mines, called them at once into the thick of the European struggle.

It was not long after our entrance into the war that one of our geologists came into my office, proudly dressed in an Army uniform. The last time I had seen him he had come to make report on the tungsten fields in Alaska, almost within the Arctic Circle. He had spent more than 20 summers in that distant Territory, taking here and there a sample of rock, studying the peculiar upstanding and twisted beds of coal in the Matanuska and Bering fields, rushing from one placer gold field to another, reporting on each new find of metal, until he had become identified with the rise of Alaska and was the embodiment of its hopeful spirit.

"I have come to say good-by," he said. "My next address will be somewhere in France as a member of Gen. Pershing's staff."

I naturally asked the kind of work that an Alaskan geologist would be called upon to do with an army. His answer illustrates how much of science has gone into war.

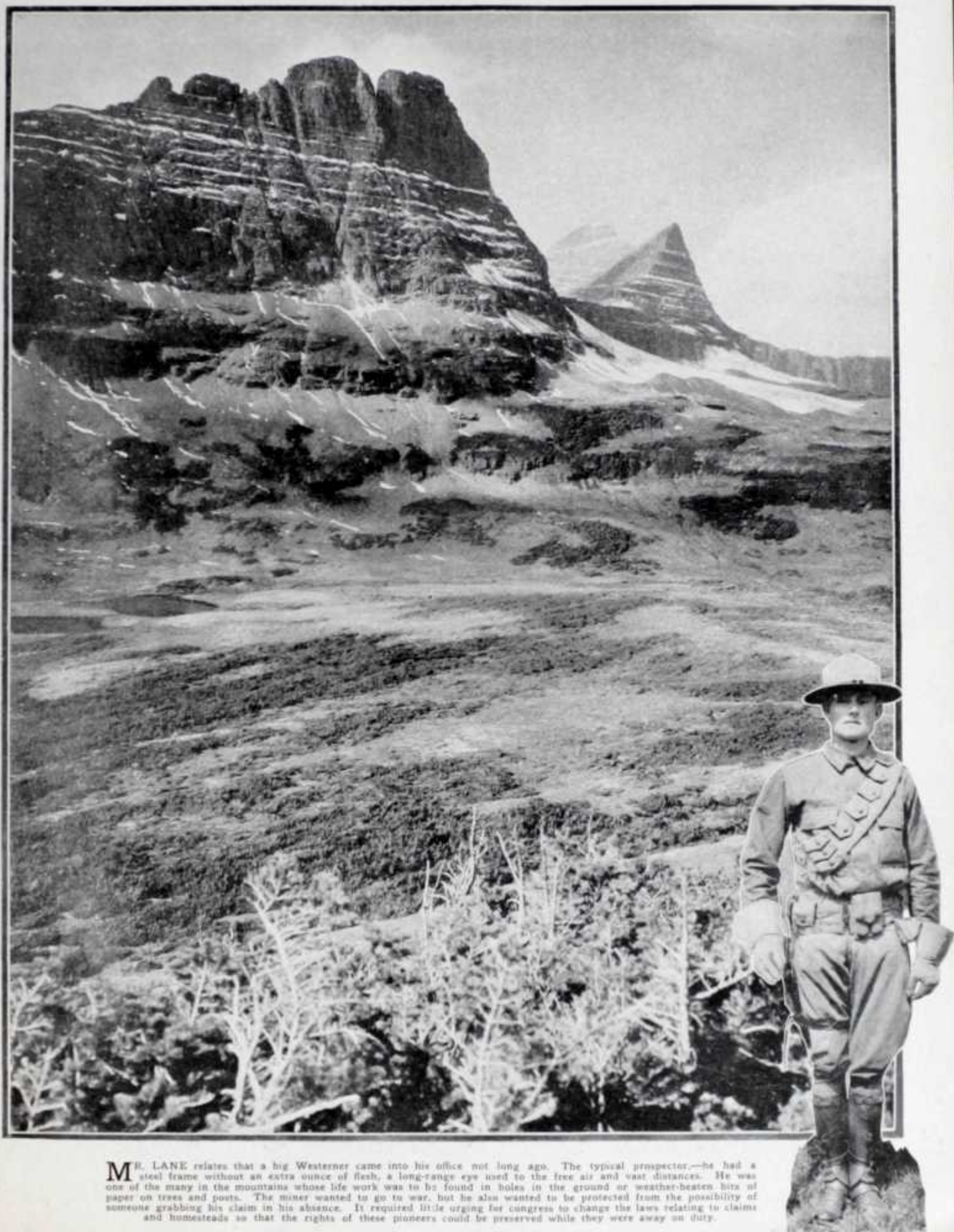
"My work," he replied, "is to be concerned with the location of trenches and dugouts. We must have trenches into which the country will not drain. These slashes in the earth can be made so that they will do their own draining. Mud, mud, mud! That is the trench curse which brings on trench feet and puts the soldier out of business."

## Science Has Gone to War

**A**ND then on a sheet of paper he drew the slope of a hill and explained how if located in one place, because of the peculiar stratification of the earth, the trench would act as a cesspool or reservoir, gathering in all the waters of the neighboring terrain, while if placed elsewhere it would be immune from this disadvantage and through certain strata furnish a natural waste pipe for the superficial waters. So was the American soldier to be given a healthier place in which to live and work and be more efficient.

A short time later came a group of topographers, chief of whom was another of Gen. Pershing's staff. They, too, were in full khaki and bound for Europe. Theirs was to be the game of surveying, platting, and most vividly and accurately presenting to the eye the land over which the new railroads would run, the railroads that would carry men, supplies and munitions to the front, and carry back the wounded. From their maps the artillery officers could determine the heights





**M**R. LANE relates that a big Westerner came into his office not long ago. The typical prospector,—he had a steel frame without an extra ounce of flesh, a long-range eye used to the free air and vast distances. He was one of the many in the mountains whose life work was to be found in holes in the ground or weather-beaten bits of paper on trees and posts. The miner wanted to go to war, but he also wanted to be protected from the possibility of someone grabbing his claim in his absence. It required little urging for congress to change the laws relating to claims and homesteads so that the rights of these pioneers could be preserved while they were away on duty.



and the hollows where the big guns would be placed, the rivers that must be crossed, their fords and banks and bridges, the roads, the ferries and forests, and all the details of a landscape that changes from day to day under the pressing advance or the forced retreat. For now they fire guns "unsight and unseen" and men by the million move by the map.

#### Peace Gases and War

THE major who led this squad of scientific men had spent most of his life upon the rivers and in the mountains of the far West. He and his men had been for years platting the lands of the United States, showing drainage and elevations, what the farmer calls "the lay of the land;" and these modest American map makers were on their way to join a force for the re-making, possibly, of the map of Europe.

Out of the work of building our great dams upon the Rio Grande and the Colorado Rivers there also came a by-product for war making. To be sure, no large dams were needed to impound the waters of France, but the engineers who build such dams know the newly discovered art of mixing concrete as few men do. There is not so much difference, after all, between a trench and an irrigation ditch, and hundreds of miles of such smooth-surfaced, water-conserving ditches have been built upon our reclamation projects. For the construction of the dugout and the bomb-proof, the gun foundation and the trench, there was need for these men of expert experience, and so to the Yakima Valley and that of the Colorado went the call of the war.

Another curious illustration of the war use of peace machinery was brought to light when a group of chemists, representing the gathered genius of the country in this science met in this office to discuss the problem of toxic poisoning by gases.

When the Bureau of Mines was created by Congress five years ago, it was hardly to have been imagined that the methods used for the saving of life in the coal mines of the United States would become vital in the problem of saving lives and destroying lives in a world war; yet this is just what has happened. Germany, which has been foremost for some years in the science of chemistry, out of its extensive experience has developed a form of warfare which had not before been known, a modern expression of those diabolical inventions such as the cervi and stimuli which made Caesar's campaign in Gaul to be characterized as a war of science.

To meet this new method of attack by deadly gases, the western powers promptly provided gas masks which contained chemical absorbents or other agents that would negate the effects of the gases sent adrift by their enemies. The soldier's kit, which was so simple a thing in other wars, had to be increased by a gas mask not unlike the helmet of a deep-sea diver, with a box of chemicals adapted for offsetting the effect of the various kinds of gas the enemy was known to use; and for special use in dugouts and saps filled with concentrated gas, an oxygen supply was furnished. These outfits were not new to the world. For some years there has been keen

rivalry between the great mining nations as to the one which provided the best. They were put on by those who went into the mine where poisonous gases from explosions or fires were known or supposed to exist. Every rescue gang wore them. This country claimed that it had improved upon the English, German, and French in the mask it provided.



The Indian is fighting and working for the civilization that is wiping out his race. There are many braves in the Canadian and American forces; Indians on a hundred reservations have joined the campaign for more wheat and wheat. And the desert maize raised by the Southwestern tribes added to the proud total of our 3,159,494,000 corn crop.

At any rate when we came into the war we found ourselves prepared with the knowledge, the machinery, and the men to promptly meet the need of gas masks in great quantity and of a superior type. Thus the men who had been on this work of meeting the gases compounded in nature's laboratory were found to have a reserve of knowledge as to what gases will kill and what will choke and what will burn and what will hasten disease, which in a war of cumulative frightfulness would make the United States modestly distinguished if it wished to so shine. As one of the group said:

"We chemists in America have never turned our minds to the destruction of human life. Our work has been constructive—the

chemistry of the soil, of cement, of printer's ink, of the by-products from petroleum and tar, of 10,000 things which will make for a longer, a happier life for man. But if the world is to be turned upside down and instead of staying death and disease, and making new things that man can use for his own ennoblement, we are wanted to push forward the work of the destruction of man and all his works, we can become rivals of the worst in such enterprise."

This is not the time to present the things done and the things doing by these men of the necromantic science, but when the day comes for casting up accounts and giving credit, their work will not go unrecognized.

In this department we have during the past year had a glimpse of the expanding romance of chemical study. We have found adventure in the search for the hidden secrets of petroleum, natural gas, and coal tar, of coal smoke and the refuse from a hundred furnaces and smokestacks. We appear to have suddenly driven into a chemical age, or perhaps it would be more accurate to say that we have suddenly realized that we are in such an age. New explosives, new fertilizers, new sources of power, of food, new materials for construction and destruction, new preservatives of life and new agencies for the sweetening and wholesomeness of life—these are to the credit of the modern chemist, and as a by-product of this war we are to have a higher appreciation of this branch of science, and our genius for discovery which has so greatly been applied to problems of mechanics will find in analytic and synthetic chemistry a field of opportunity subject to almost infinite expansion.

America has been a wholesaler in raw materials. Our boast has been in the millions of tons of steel or coal or barrels of oil or of feet of lumber that we could produce. We dealt in things of magnitude, that we took greatly as they came out of nature's storehouse, not thinking or not caring how much of any mysterious value they concealed. The chemist finds that nothing is simple, he tears all things apart to find things that are not patent to the eye, and out of the infinitely little and obscure creates a new world of things useful and beautiful.

#### What Modern Industrialism Means

THIS is the conversion that is going on in America in all fields. We are entering upon the quest for the minor metals, or rarer woods, our select places of beauty and of exceptional climate or fertility. In all the domain of this great country extending from the semitropics across the desert and the most forbidding wastes into the far Arctic we have come to believe that there is no land that is entirely valueless.

War forces a nation to an intensive study of what it can do. Thought and work—these are the answers to the problems of material insufficiency. We of America have had no little to boast of through the quick century of our march across a continent. And without doubt our ability to stand alone, depending on ourselves for the things that make a modern industrial nation, is something of which we may be proud, not so much because we have this land as because (Continued on page 38)



# Hoover and the Wheat Crop

## How the United States, through Its Grain Corporation, Is Keeping Prices Firmly in Hand, Buying the 1917 Yield and Selling It to—Those Who Most Deserve It

By JAMES B. MORROW

THE Hoover loaf is one of the big things of the war. Big economically and strategically; big at home and in the trenches. Moreover, it is illustrative.

When Hoover's history is written, the loaf, his loaf, will dignify and amplify its contents and "thunder in the index." No chapter, provided one is sufficient, will be more dramatic.

For the loaf of peace, common as air, familiar as water, has become, if it can be personalized, a soldier. And more—a great epic. Under Hoover it is to-day the epitome of yellow fields and round stacks; of ships upon the oceans and long trains across the prairies; of mills, elevators, warehouses and stores; of armies and war fleets; of incendiaries and bomb-makers; of kings and presidents; of cabinets, councils and parliaments.

And yet men eat it and fight with it, make it and destroy it unconscious of its place in the doings of the day. The loaf, madam, the Hoover loaf that you take in at the door is not a simple mixture of water and flour. It is the real weapon by which the world is to be restored.

Hoovered, then, although new, is a mighty verb. To be hooverized is to volunteer, or be drafted, under the flag. America, Great Britain, France, Italy and Belgium have been hoovered. Holland, Denmark, Sweden and Norway would like to be.

Some day, perhaps, the verb and its derivative adjectives and nouns will be recognized and defined by the Samuel Johnsons and Noah Websters then alive. In the meantime they ought to be informally described. A hooverized wheat crop means that it is controlled, as to its price and its distribution, by the government of the United States.

That is what has happened to the crop of 1917, and what will happen to every crop that is grown until the Prussian plunderers shall have been conquered and disarmed. The crop is being purchased now from day to day in fourteen zones, each containing an important terminal market, and is being shipped to flour mills located in nine separate districts. These men are called zone agents. Their offices are in Baltimore, Buffalo, Chicago, Duluth, Galveston, Minneapolis, Kansas City, New Orleans, New York, Omaha, Philadelphia, Portland, Ore., St. Louis, and San Francisco.

Broadly, such is the government programme. Speculators can no longer deal in wheat. All of their exchanges have been closed. Government buyers in the fourteen zones, dealers themselves before the war on a large scale and now serving without salaries, are purchasing the wheat and paying for it with money out of the national treasury.

From terminal markets the wheat goes to mills to be manufactured into flour. Millers, acting voluntarily, have agreed to limit their profits to twenty-five cents a barrel on flour and to fifty cents a ton on the by-products of flour, which are known to the trade as mill feed.

The prices of wheat, flour and mill feed have been standardized. Speculators, as has been noted, cannot speculate. Owners of elevators cannot hoard wheat. Millers cannot contract to sell flour for more than thirty days in advance.

Every bushel of American wheat and every pound of American flour shipped to the Allies are purchased by the government of the United States from farmers and millers in this country and are sold by the United States to the nations in Europe. In all instances, if shipping conditions permit it, flour is sent to the Allies instead of wheat. This is done in order to keep the mills in the country fully organized and to prevent them from being idle part of the time, and also to conserve mill feed so that it can be fed to American live stock.

The business thus done is conducted by the United States Food Administration Grain Corporation, which is capitalized at \$50,000,000 and owned by the national government. Julius H. Barnes of Duluth is president of the corporation. Many other of the country's best grain men are assisting him. All are working without compensation.



Know the truth—nothing will be cheap until the war is over. A Hooverized pig wouldn't mean that any member of this family would cost you less. The word signifies a proper balance between the production of the necessities and a regulation that will prevent prices from running wild. The greatest care must be taken to avoid the cutting down of corn acreage for a larger wheat crop. Less corn means fewer pigs—and higher bacon.

"In the purchase of wheat," Mr. Barnes says, "the Food Administration acts purely in a merchant capacity, buying wheat at the interior terminals and reselling it on one hand to the millers for domestic consumption and on the other hand for export purposes. To cover the cost of operation the Food Administration adds one per cent to the cost of wheat at interior terminals when it sells.

"The policy and plans now being carried out

were unanimously indorsed by a representative body of terminal elevator operators and grain dealers assembled in Washington August 15, 1917, and also by a body of 700 terminal and country dealers in convention at Buffalo three weeks later, in spite of the fact that the plans and policies practically put out of business a large number of the dealers for the period of the war and greatly restricts the activities of others."

Such then is one of the processes in the formula of hooverization. Hooverized wheat, however, does not mean a 5-cent loaf. A hooverized pig does not mean a fall in the prices of bacon, hams or lard. The hooverization of any article of food cannot lower it to peace levels.

### **Delicate Strategy Needed Here**

NOTHING will be cheap so long as the world is in flames. Nothing. All rational thought starts from that basis. The effort of the government and of Hoover goes no further than to keep bread and other food products from running away and upsetting the consumers.

The inquiry should not be, Will sugar be cheaper? but, Can Hoover stop it from going higher? Consumers need some plain writing at this juncture. In their anxiety to make income equal to outflow, they confuse their mental processes and become entangled in a maze of false information and thinking.

Error begins in a misunderstanding of Herbert C. Hoover's aim, methods and limitations. And of his task, compared with which the twelve labors of Hercules, mainly with lions, stags, birds, bulls, dogs, boars and red oxen, were simple and sporting adventures. Nor did Blondin, the tight-rope walker, perform a more delicate or hazardous feat of balancing in crossing the Niagara than Hoover is doing each day and almost every hour.

What relation have sugar beets to the flour supply of the nation? None, one would say offhand. And what has the price of sausage to do with the price of bread, except

relatively and sympathetically? Little, one would answer unthinkingly.

Here are the facts: Sugar beets are grown on land that will produce wheat equally as well. Now, if sugar beets are low in price and wheat is high in price the farmer will plant no beets. The sugar supply then would be reduced.

Millions of acres of land are suitable either for wheat or corn. If corn falls in value,



farmers will turn to wheat, provided wheat is dear. Pigs are fattened on corn. A small crop of corn, therefore, means a small stock of pork.

When Hoover recently announced that meat would not be cheap during the period of the war, the public hurled a few impolite phrases in his direction and heatedly asked: "What good is Hoover, anyway?"

The purpose of Hoover's declaration as to the price of meat was to encourage the farmers who are growing corn. His strategy does not want most of the western and middle western corn lands turned into wheat fields.

Congress, guided by the plans of Hoover, fixed the price of wheat at \$2 a bushel for the crop of 1918. Wheat growing had to be made profitable if the United States, France, Great Britain, Belgium and Italy were to eat bread. Production, Hoover argued, had to be stimulated. Doubling the normal price, and more, would accomplish that object, he said.

But the certainty of \$2 a bushel in 1918 might induce the farmer to turn hoarder or speculator and hold back the crop of 1917 unless the 1917 price were to be made higher. The duration of the war was wrapped in mystery. At the restoration of peace, the farmer understood, prices would crumble. Fighting might cease suddenly. A guaranty, then, of \$2 for 1918, it was believed, might tend to stop the marketing of the 1917 crop.

The President, therefore, was given authority to fix the price of 1917. He called Dr. Harry A. Garfield into the problem, and Garfield asked farmers, workers, economists and business men to help with their counsel and facts. Such were the processes by which the price, \$2.20 a bushel, was established.

The wheat of 1917 came out of the fields and bins and flowed in a mighty stream to market. Hoover's hand was in all of these transactions. Then followed his campaign to obtain a supply of other kinds of food. Wheat made a certainty, he maneuvered against its becoming a monopoly on the farms of the country. Sugar, meat and fats also are necessities. Soldiers can not fight without them. The balancing of Hoover, sugar with wheat, meat with wheat, and so on, proves his vision and statesmanship.

#### The Producer and the Retailer

FOOD is dear. Hoover admits it. But it is cheaper than it would have been had Hoover remained in Belgium. Mr. Wilson sent his war message to Congress on April 2. Hoover was appointed director of food on May 17. Between those dates wheat shot up in price from \$1.57 to \$3.50 a bushel. Flour was sold for \$17 a barrel.

The present price of flour is \$11 a barrel. Americans are now eating 10,000,000 barrels every thirty days. Hoover believes that they are saving \$60,000,000 monthly through the right handling by the government of the wheat situation.

"I thought Hoover," says a woman in South Bend to her grocer, "was to lower the price of bread."

She is thinking of the loaf of 1913. Previous to the attempt of the Huns to divide the world among themselves the average price of wheat

for six years was 87 cents a bushel. The price this year, again to state a very large fact, is \$2.20 a bushel.

As to the bitter monologue of the housewife in Massachusetts or Pennsylvania, also addressed to a perplexed grocer, with respect to sugar and its hooverization by Hoover, it

**I** PURCHASED during the month of August 200,000 shares of the capital stock of the Grain Corporation at par, in the name of and for the use and benefit of the United States, and received therefor from the Treasury of the United States \$20,000,000. During the month of September I purchased 300,000 shares, being the remainder of said capital stock, and received from the Treasury of the United States the additional sum of \$30,000,000. All of these sums were delivered to the Food Administration Grain Corporation.

The Grain Corporation opened its offices for the purchase of wheat September 4, and from the very day it opened the basis of prices recommended by the President's Commission has not been altered. In some localities during the thirty days preceding the Grain Corporation's entry into business on September 4, the wheat price had fluctuated as much as 70 cents per bushel, making an unusually hazardous business condition for miller, handler, wholesaler, retailer and baker. On September 4 these fluctuations and their attendant hazards ceased.

The Grain Corporation's agents at the various milling centers have distributed fairly and impartially, and in exact relation to the needs of the mills at these points, the entire arrivals. More than that, throughout the milling divisions of the United States (eight of them), with their different varieties of wheat, the distribution has been, with minor fluctuations, absolutely even in the relation which the operation of one mill should bear to another mill, so that all mills have been fairly treated and assured the same percentage of operation as their competitors.

All books and accounts of the Grain Corporation are periodically audited by chartered accountants and supervised by the corporate officers. There are at present operating under Food Administration license approximately 19,478 elevators and 2,606 flour mills, and grain has been and is being purchased and sold by the Zone Agents throughout the United States.—Herbert Hoover.

should be remembered that German sugar, once sold throughout the world, is now beyond the reach of the Allies, that most of the French sugar factories are within Prussian lines, and that the consumption of sugar in Great Britain per person has been cut from ninety-three and a fraction to twenty-six pounds yearly.

Only the Prussian beast can restore old conditions by surrendering to civilization, by ceasing to be a murderer and a thief. But Hoover can by good management, by wise action and shrewd diplomacy, keep prices within certain bounds. Power has not been given him to say to the retailer: "You must sell potatoes at a dollar a bushel, apples at 25 cents a peck, and soap at 5 cents a cake."

Until lately the zone between the consumer and retailer, so far as the national government is concerned, has been a no-man's land in a very practical sense. It can be entered, but not directly. The wholesaler and the retailer, the canner, grain dealer, miller and meat packer, whose business totals \$100,000 a year, must now obtain a license from the government. There were by the census of 1910 about 1,200,000 retail merchants in the United States. Only a few of them, however, annually sell goods to the value of the sum stated.

Most of the food bought for consumption in this country is purchased at small stores and at stalls in city markets. These places do not come under the war laws of the United States. Hoover has no way by which he can regulate the price of potatoes to the consumer when they are bought by a small dealer from the wagon of a farmer. The same is true of all vegetables and of fruit, eggs and poultry.

Indirectly, however, Hoover can and will in the future control the retailer to a certain

extent. The prices that the retailers pay the manufacturers and wholesalers for standard articles of food, such as meat, flour, sugar, potatoes, beans, butter and apples, will be printed each day in the newspapers of the country. Thus the housewife in Boston will always know what her grocer paid for his cabbage.

The housewife in Philadelphia will know what her grocer paid for his lard. The housewife in Cincinnati will know what her butcher paid for his beef. The housekeeper in Pittsburgh will know what her dealer paid for his butter.

If the wholesaler, manufacturer, canner, miller or meat packer charges the retailer higher prices than he should, his license, issued by the national government, may be taken away from him, his stock of goods may be requisitioned and sold, and he will, if that is done, be put out of business.

The retailer's cost prices being known, the consumer can judge for himself whether he was overcharged. If he was overcharged, the food officers of the State in which he lives can punish the retailer. If the State authorities do not act, the national government, otherwise Hoover himself, will notify the wholesalers, manufacturers, canners and millers of the retailer's extortions and will order them, under pain of losing their licenses, to cease selling him goods.

"The food administration," Hoover told a great meeting of business men, "is limited absolutely to the area of commerce between the producer and the retailer. We are stopped by law within this area; we can only use influence on both retailer and producer and depend on their patriotism."

#### The Ugly Truth

**T**HEN he made an unpleasant revelation. "Let no one be under the illusion," he said, "that selfishness or greed has disappeared from this great republic. There passes over my desk daily a sickening mass of individual, sectional and class avarice and self-interest, backed by demands and threats."

The business men of the nation constituting the United States Chamber of Commerce, 400,000 in number, have declared that prices should be established and controlled by the government during war. They favor legislation to that end.

Men who are managing the war, and included among them are many of the ablest bankers, manufacturers, transportationists and merchants in the country, are determined that robbery of the government and of the people and of the Allies by the bludgeon of extortion shall be made impossible. They know that bread and meat, sugar and fats are necessary to maintain the armies in France and to preserve the health and strength of the Americans at home.

"It is my belief that food will win this war," Herbert C. Hoover said with much energy. "The Germans are endeavoring to starve the Allies by sinking their food ships. The Allies are blockading the food from Germany, and the surrounding neutrals are under pressure to export their surplus both ways."

"All nations," he continued, "are faced with reduction of consumption, stimulation of production and control of prices. The winning



of the war is largely a problem of who can organize this weapon."

It is easy enough for the man in the store or shop to say that prices must be regulated. Price-fixing, however, is one of the most intricate of human undertakings. Consider coal for example. There are many kinds of coal—hard and middling hard, soft and middling soft, and so on. Veins vary in thickness. Some are fat and some are lean. Mining costs more in one region than in another. The freightage to market from one field may be much higher than from a field in the mountains.

ALL these conditions must come into the computations of those engaged in the complicated toil of arriving at just prices for all interests. The consumer is entitled to protection. The producer must have both protection and stimulation.

Dr. Garfield, who settled the price of coal, also, as has been stated, fixed the price of wheat for the crop of 1917. There are eastern wheat lands and wheat lands in the West. Kansas is many miles farther away from the Atlantic seaboard than is Ohio. There is winter wheat and there is spring wheat. And there are many varieties of each. These facts had to be considered.

The effort now is to obtain in the greatest quantities possible all of the materials of war. Speed is

necessary. Balancing is imperative. The need of the nation being known, though vaguely by most persons, men have said: "Stop the manufacture of unessentials. Center the effort of America on essentials."

Whereupon Waddill Catchings, president of the Sloss-Sheffield Steel and Iron Company and whose work in bringing the United States Chamber of Commerce into co-operation with the Council of National Defense is known to the reader, does some sensible balancing himself.

"On their face," he says, "jewelry and automobiles are not essentials. But Chile wants them and will give us nitrate and copper in exchange and the United States needs both. Sewing machines and typewriters can be traded for the hides and wool of Argentina. Jute and burlap can be obtained from India for our watches and clocks."

There is no end to the currents and cross currents that are complicating the industry and commerce of the country. In the meantime the immense number of Americans who are suffering in a material way because of the war are not being overlooked, although they may believe that their interests have been sacrificed or forgotten.

Farmers are making money. Mechanics and day laborers are receiving higher wages than ever before. Hundreds of manufacturers are adding to their riches. But millions of American

people are finding it difficult to pay their living expenses. The last census of the nation showed that there were 595,000 school teachers in the United States and 614,000 coal miners. War is reducing the means of the former and increasing the prosperity of the latter. In number, one class of workers practically equals the other.

Much has been said and printed about the locomotive engineers, but there were more clergymen, 22,000 more, according to the enumeration taken seven years ago. There were almost as many insurance agents as brakemen. The carpenters numbered 817,000 but there were 921,000 salesmen and saleswomen. There were more dentists than stonecutters, more physicians and surgeons than railway firemen and conductors, more writers than paper-hangers about as many commercial travelers as there were brick and stone masons, and more than twice as many lawyers and judges as plasterers.

#### Answering the Consumer's Complaints

THE 487,000 bookkeepers and cashiers, the 317,000 stenographers of 1910, and the vast multitude of policemen and firemen, of real estate agents, of small officials in cities and states and at the national capital, and of the retired and aged persons, male and female, living on the income from their savings, are feeling the financial hardships of the war. To them 50-cent pork and \$11-flour are grave realities. And no relief for them is in sight. The President is thinking of them and so is Hoover; but, first of all, of course, the looting Huns must be conquered.

Living, no matter how many laws are passed, will be dear throughout the whole length of the war. If prices are not fixed, the market, it is believed, will climb higher and higher. A committee made up of Augustus H. Vogel, a leather mer - (Concluded on page 46)



Through its food administrator the government has a firm hold on the price and disposition of this Montana wheat. It operates by the acquiring of grain on the one hand, and the check upon privatizing through licenses on the other. The purchases of the Food Administration Grain Corporation have done away with the wild scramble for American grain. Every bushel of wheat sent to the Allies is bought by the American government and is shipped by it.



# THOSE WHO COME BACK

## How the Republic Plans To Care for the Broken Men Who Soon Will Be Returning from Her Battles

By WM. LEAVITT STODDARD

Where in the United States may think we realize what this war means, but we don't—yet. We shall not really realize what it means till the first shipload of our wounded and maimed soldiers and sailors come back to the base hospitals on this side of the Atlantic, and thence to their homes. Mark my words."

So spoke an American army officer, recently returned from the front.

It is fortunate for our nerves that we shall probably never have to witness the spectacle which is a common one in Europe, and one so often pictured by writers—the troop trains packed with robust, happy men bound for the trenches, and, on the sidings making way for them, the incoming trains filled with pallid, suffering, wounded and mutilated men. "The shuttle-cock of war," someone has called this phenomenon. But while our nerves may never be thus harassed, there will still be the boatloads of strong men sailing east, and the boatloads of disabled men sailing west to Atlantic ports—and so to the task of beginning anew, handicapped by the war, the hard economic struggle for existence.

How many sick and wounded there will be is a question which perhaps only the great god Mars can forecast. During the last few months, more than one authority has estimated the size of this problem, and these estimates vary within a considerable range. Based on the Canadian experience, which in all probability is more nearly like what ours will be than that of any other nation, 10% of the men sent overseas will be returned "unfit for service" and consigned to the medical authorities for treatment and rehabilitation. This means that for every 1,000,000 soldiers sent over, 100,000 will come back definitely put out of the running. On the generally understood basis that there will be 5,000,000 Americans under arms in Europe within the next two years, this means 500,000 returned disabled for military service. Spread thinly throughout our hundred million population, this is not a vast number. It is, as a matter of fact, a smaller figure than that representing our annual industrial accidents involving more than four weeks disability. But whatever its size, this figure proposes a problem which must be met by the Government which takes these men from their peaceful occupations and sends them to the place where, irrespective of their courage, skill and desire, they are literally shot to pieces.

### What We May Expect

IN the published French statistics, brought out at the Inter-Allied Conference in May, 1917, it was stated that between 6000 and 7000 soldiers were newly pensioned, discharged or disabled each month. According to Dr. Leo Mayer, in 1916 there were in Germany 16,000 leg amputations of German soldiers, and as out of each 1000 soldiers it is calculated that there are about 100 leg amputations, this would place the figures

for the total German invalided in 1916 at about ten times 16,000 or 160,000 for one year alone. It has been authoritatively estimated that there is to-day in all the belligerent countries a total of 13,000,000 injured by war, of whom 3,000,000 have suffered amputations.

The following table, compiled for the Inter-Allied Conference, gives the numbers of the various kinds of injuries per 1000 wounded men:

371 injured in arm or hand
290 injured in foot or leg
118 blind in one eye
74 injured in the head
6 deaf in both ears
141 affected in other parts of body with general diseases.

On the basis of 100,000 wounded returned to the United States from the first 1,000,000 that go over the ocean and the top, each of the figures in this table, multiplied by 100, will give the numbers of the various classes of war cripples which we may expect to have on our hands: 37,100 with hand or arm injuries; 10,000 with one or both legs gone; 11,800 blind in one eye; and so on.

The medical and surgical care and treatment of these wrecks of war is guaranteed by the medical departments of the Federal Government, and everything that modern science can do to repair the damage sustained as a result of battle will be done.

Upon his final discharge from the hospital and the Army, the soldier goes to the pension list, and in thousands upon thousands of cases, receives also the benefits of the War Risk Insurance Act. But what then? What is the crippled soldier to do? Live on his pension

plus charity? Accept the semi-philanthropic employment offered by a kind-hearted manufacturer? Inhabit a Soldiers' Home the rest of his days, a charge upon the state? Shift from job to job in an inefficient if not fruitless endeavor to find out what he can really do?

The belligerent nations of Europe are answering these questions, and by their answers they are building up a service whose inauguration marks a new period in the relationship between war, medicine and industrial education.

The practically uniform European experience is that war imposes on the state the duty not only of physically rehabilitating its wounded soldiers and sailors, but the equally imperative duty of rehabilitating them vocationally—of providing for their reeducation so that they will be able to go back into normal civilian industrial employments as well equipped as possible to compete with their fellows and to do a good day's work for a good day's pay.

### What France Has Done

FRANCE, for example, early in 1916, established a National Office for Soldiers Maimed and Invalided in the war. This office was created to prevent overlapping activities and to coordinate all effort under one head. An administrative commission of nine, a commission on reeducation, an advisory board composed of specialists and representatives of private societies, and departmental or provincial committees, comprise this office. Military men, pension officials, medical officers, educators, agriculturists, representatives of organized labor and organized capital, and so forth have representation in this organization. Schools with technical shops attached are reserved for the disabled, and a whole system of highly specialized vocational instruction designed to meet the peculiar needs of wounded and crippled men has been developed. While there is plenty of sentiment in the matter, France has demonstrated that the vocational rehabilitation of disabled soldiers is a very wise business investment. In four months alone, nearly 1800 wounded men were reeducated and returned to the military depots at a gain to the state on their pensions and allowances of \$1,930,000. Without reeducation these men would have been a total loss—more or less.

Germany, Italy, Australia, Canada, England—each has taken some step or steps in the direction of what might be called "renormalizing" the crippled soldier and sailor. In Canada, control of the situation is in the Military Hospitals Commission Command which has representatives throughout the Dominion. The vocational work is firmly on a national basis with centralized authority.

The problem presented by the proposition to return to civil life, repaired and reeducated, large numbers of war cripples, is obviously a problem of almost as many sides and angles as there are







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It is evident from this cheerful scene that being wounded is not always a matter of torture and tears. The Belgian was carried from the field in a wheelbarrow because the capacity of the ambulance service was overtaxed. It may help shock America into a realization of what war really means to point out that the fighting nations have a total of 12,000,000 wounded, with 3,000,000 amputations; and that of every million men sent out to battle, a hundred thousand are returned home disabled by their injuries.

sides and angles to human activity in our complicated modern industrialism. It is, moreover, a very human problem, for the primary reason that in it you are dealing with sick men, with men who have faced the sacrifice of fortune and death itself. It has been said that a reliable test of the character of civilization in a country is the character of its penal institutions. Similarly the well-being of a nation might be tested by the intelligence or lack of intelligence of its treatment of those crippled in the service of defense of national honor and ideals.

With this idea in mind, it is gratifying to know that at this moment in the United States, there is in process of crystallization a body of thought on the subject of the vocational re-education of crippled soldiers and sailors, and that definite administrative action is bound sooner or later to come therefrom. What sort of control there shall be for this service, how it shall be financed, who shall direct it, and a hundred details each vital to success, these are the main elements of the problem.

The Federal Government is awake to the need, and men and women are at work on it in the Surgeon General's Office, in the Federal Board for Vocational Education, in the Labor Department in the War Risk Insurance Bureau, and elsewhere. This energy coupled with a sympathetic understanding of it on the part of legislators, educators, business men, labor and the general public, will overcome the

difficulties and the United States will not lag behind either the Allies or the enemy in caring adequately, which means both medically and industrially, for the crippled victims of war.

#### Majority Return to New Jobs

**T**HIS solemn outlook must be faced:

Every month a certain number of soldiers will be returned from the front to the United States unfit for further military service. In precisely what stage of unfitness they will be on their arrival in the United States, or upon their arrival at the base hospitals in France is a matter of detail. Probably every effort will be made to relieve the pressure on the French hospitals, already overburdened and undermanned. Of a given group of such disabled men, it can be ascertained by examination through medical and vocational experts that some will be able to enter immediately upon wage-earning occupations without vocational reeducation; that some are in all likelihood hopeless cripples, for whom provision must be made in either new or existing institutions; and that some are capable of being retrained in the light of their injuries so as to become to greater or less degree self-supporting, independent, economic units.

An idea of what this system of reeducation must be may be gained from the French experience. An examination of more than 7000 records shows that 19 per cent of those

classified as occupied in forestry and agriculture, remained in those occupations, while 81 changed to another occupational group upon being discharged from military service; only 10 per cent of those engaged in the extractive industries remained in the same line of employment, the remaining 90 per cent shifting over; commerce and the "liberal professions" held 53 per cent, only 47 per cent changing over after their part in the war was done. But in general there was a high rate of change from one group to another, and the fact is well established statistically that anywhere from four-fifths to about half of the disabled soldiers return to new jobs after their elimination from the Army. The jobs cover the entire category of employment,—suspender makers, shepherds, designers, chauffeurs, clerks, shoemakers, bookkeepers, and so on. In the case of the majority of shifts, reeducation was absolutely essential to success, and France, has been alive to this necessity.

**B**UT in order effectively to carry out such a scheme as that which is being proposed for the United States, it is essential that a very definite and sure step be taken early in the physical recovery of the disabled man. The precise point at which this step should be taken cannot be determined *ex cathedra*. It must be decided by the medical and vocational officer at the (Continued on page 36)



# Four Sides of the Trade Acceptance

How That Versatile Bit of Business Paper Works in Widely Different Fields as an Industrial Lubricant and a Creator of Credit

BY FOUR MEN WHO KNOW

THE Trade Acceptance is an old story in Canada, in Europe, and in many South American countries that have gotten their commercial tutelage from Europe rather than from us. But to many American business men it is still a queer looking fish, to be eyed askance and sampled with caution. "Oh yes," says John Smith, "that sounds all right for Jim Brown. I've no doubt it would be a good thing for him. But he's a seller. I'm a buyer. The question is, where do I come in? You'll have to show me. How do I know Brown isn't working for Number One?"

And when you go to Brown you probably find him saying the same thing about Smith. The fact is that the Trade Acceptance is a very versatile device, apparently capable of fitting itself to the needs of all business. It makes credit; as a commercial instrument, fully available instead of only partly available; and by thus facilitating commercial processes, increases wealth. It is a lubricant that reduces wasteful friction to a minimum.

There is not space to go into all sides of it; but as an example of what the Trade Acceptance is capable of, we have gathered here four short, clear-cut statements from experts, to show how they have found the medium of the greatest value in widely different channels of business.

## For the Banker

C. W. DuPuis, Vice-President Second National Bank of Cincinnati

ONE big advantage the bank has in taking trade acceptances in lieu of single-name paper lies in the fact that two parties of a business transaction are liable on the paper instead of the one obligor of single-name paper. Often this is spoken of as giving the bank twice as much security as it formerly had. I think this is understating the conditions. In my judgment, the two names of the parties to trade transactions on discounted paper afford the bank much more than twice as much security as would the single name of either of such parties.

In the ordinary course of business, it is very unusual for both parties on such paper to fail at the same time. Moreover, in most cases, the trade acceptances taken by a given bank from a given borrower will probably be signed by a great number of different acceptors, and it would be an exceptional case indeed where very many of these various acceptors failed at the same time the drawer failed. In other words, the law of averages operates here decidedly in favor of the banker.

Let me cite an illustration: A certain bank, some years ago, carried the account of a large diamond firm which sold to jewelers throughout the West and Southwest on long datings, say—8, 10, 12, 18 months, etc., in most cases the firm took notes in payment of its merchandise, and many of these notes were made payable in monthly installments extending over the dating periods. These notes you see were essentially trade acceptances. In fact, they were trade acceptances in everything except form. At one time this diamond firm enjoyed very good credit at the given bank, but there came an unfavorable turn in its affairs,



due to the negligence of its officers. The business was retrograding, and the bank insisted on having notes receivable in place of the single-name paper it had been carrying. These notes receivable were delivered, the bank advancing 90% of the face value of them, and the single-name paper was liquidated. Six or twelve months later on the business went from bad to worse due to continued negligence of its officers, and ultimately, went into the hands of a receiver. The bank proceeded to collect its notes receivable, and although it took fifteen to eighteen months to collect them, the bank realized the full amount loaned, plus accrued interest, while the creditors of the diamond firm received but 10 or 15% of their claims.

The point I am trying to make is that when it took the notes receivable in place of the single-name paper, the bank immediately put itself in a position not twice as strong as its former position, but four or five—or, perhaps, ten times as strong. This is the kind of advantage that the bank gains when it takes trade acceptances in lieu of single-name paper.

Another distinct advantage for the bank lies in the "availability" of trade acceptances. It is one thing to have good assets—secure assets—and it is another thing to have them "available" in case of need. Most bankers have long appreciated this fact. To-day, practically all of them realize it fully. Indeed many business men are beginning to understand that it is of vital importance that a commercial bank have its assets in available form. These merchants hear their bankers saying—"If you expect us to accommodate you with loans, you must make your paper as available for our needs as possible. You must understand that to-day loans secured by stocks and bonds are not available at the Federal Reserve Bank, and cannot readily be realized on anywhere. Commercial paper of the right standard is the most available paper we can have, and, of this class of paper, trade acceptances are of the very best."

Bankers are making these statements because they can realize on the trade acceptances at the Federal Reserve Bank more easily and more readily than on single-name paper. The acceptances are taken by the Federal Reserve Bank without the financial statement of the borrower and are subject to less scrutiny and criticism than single-name paper.

This doesn't mean that the banker always puts trade acceptances in the Federal Reserve Bank in preference to his other paper. In fact, many bankers pursue the opposite policy. One of my customers said to me recently: "How is it that since you are borrowing at the Federal Reserve Bank you do not put any of my acceptances into the Federal Reserve Bank for re-discount?" My answer was this: "I consider the trade acceptances the most available paper I have and it is my policy not to get rid of my most available paper first. I want to keep that kind of paper for emergencies, for, when things 'tighten up' and paper is more closely scrutinized, I want to have something in reserve that cannot possibly be turned down. You understand, of course, that this is a stronger policy than that of discounting your best paper first." Let me repeat, then, for emphasis, that trade acceptances make splendid secondary reserve, and that it might be well for bankers to put their single-name paper in the Federal Reserve Bank before re-discounting their two-name trade paper even though they may have to pay a little higher discount rate.

Speaking of the discount rate, let me call your attention to the fact that the rate on trade acceptances at the Federal Reserve Banks is the same as that on the bank's note secured by Liberty Loan bonds. It seems to me that this endorsement given through the preferential discount rate ought to have a big influence in developing a general use of trade acceptances.

Referring again to "availability" I know of a case where a manufacturer has more trade acceptances than he needs to discount. In fact, he doesn't discount any, nor does he borrow at banks. His banker knows that he has a portfolio full of trade acceptances, so this banker, who occasionally needs more money than his community supplies, borrows the trade acceptances from the manufacturer, and, in turn, discounts them or pledges them at the Federal Reserve Bank. Manifestly, this banker borrows these trade acceptances from the manufacturer because he knows how easily they are re-discounted at the Federal Reserve Bank.

A THIRD advantage gained by the banker who takes trade acceptances from his customer right along lies in the knowledge the banker gains regarding the nature and character of his customer's business. First of all the banker learns rather accurately to whom his borrower sells, to what class of people he sells, how these buyers are rated, where they are situated, whether or not they are all in one section of the country, and, if so, whether they are dependent upon the success of a single crop, such as cotton, tobacco, etc., whether they are dependent upon any single industry.

The banker learns to know from experience with this paper how these buyers pay, that is how the acceptors meet their obligations, and, from that experience, he can determine how much of each acceptor's paper he is willing to take from his own customer. The thing to be stressed here is that the experience the banker has with these acceptances reflects favorably or unfavorably, as the case may be, on the



house that is doing the selling. This is very important for if the bank's customer is selling to weak concerns or to slow payers, the banker soon finds out that there is something seriously wrong in the management of the business.

Then there is another viewpoint: If many controversies arise from the payment or non-payment of the acceptances, there is an unfavorable reflection on the house that discounted the paper at the bank.

Summing it all up, it amounts to this: The banker learns more and more right along regarding the general character of his customers' business and the nature of the transactions between his borrower and the acceptors; and as the banker learns more fully just how his borrowers' business is carried on, with whom, and where it is carried on, it becomes easier for him to extend credit intelligently and safely.

It seems to me that the difference between loaning on trade paper of this kind and loaning on single-name paper, may be likened to the difference between "measuring" risks and "estimating" or "guessing" at risks. I feel confident that the banker can more accurately

"measure" his risks when handling two-name paper than he can when handling the ordinary single-name note.

A fourth advantage, at times underestimated, lies in the satisfaction bankers would have in knowing that the underlying strata of business and banking credit is sound. That bankers are concerned in each others' strength and security is best evidenced by the fact that in the commercial centers clearing house examinations are conducted under the mutual supervision, and at the expense of the banks themselves. It is to the interest of each bank that all banks be kept sound. If it is essential to each bank that every other bank be kept sound and strong, it follows, that, in times such as those confronting us to-day, it is each bank's concern that every other bank have in its portfolio as much two-name trade paper available for re-discount as it can have.

#### For the Seller

Edwin B. Heyes, of W. J. Sloane and Co., New York

THE advantages of the trade acceptance to the seller are that first and always, he

creates a liquid asset, if he is successful in having his buyer accept the trade acceptance. The correctness of the account being expressly admitted by the buyer, the trade acceptance is not subject to the legal defences usually set up by debtors unwilling to pay. Our firm has been obliged to go into court sometimes with a string of six or eight witnesses, to prove our case. We have had to take the salesman who has interviewed our customers, and he has turned it over to his assistant to complete it, and then we have to have the invoice office and ledger books and the credit man and the shipping clerk, and we have been put to no end of annoyance and expense to prove that indebtedness. And in the case of a trade acceptance, all one has to do is to prove it has been accepted.

The economical collection of his accounts is facilitated; the loss by bad debts is reduced. That does not mean that he can relinquish any of his carefulness in watching his credit or extending his credit, or watching his customer's accounts. He has got to be just as vigilant under the trade acceptance system as under an open account. (Continued on page 48)

## Hon. Congressman and the Railroads

The Legislator Turns from War Work Proper to the Problems of Transportation, Giving Particular Regard to Government Ownership, First Aid for Our Own Roads, and Preparation of Waterways to Assist Their Ancient Enemies

By MARY E. LAZENBY

Decorations by Charles E. Howell

IN the spring of the year, a decade or so ago, Mr. H. G. Wells sat in the gallery of the United States Senate, while the railway rate bill was under debate. As was natural, he began to formulate contrasts between his fellow-visitors there and other visitors he had observed in the House of Commons. The difference was that which exists between curiosity and interest. The visitors to the Senate, remarks Mr. Wells, naively, "made little attempt to hear the speeches."

Some palliatives for this inattention Mr. Wells unconsciously puts forward. "I found it (the debate) altogether too submerged for me to follow. The countless spectators, the Senators, the boy messengers, the comings and goings kept up a perpetual confusing babblement. One saw men walking carelessly between the speaker and the Vice President. . . . The messengers circulated at a brisk trot, or sat on the edge of the dais exchanging subdued badinage. I have never seen a more distracted Legislature. . . . a Legislature that fails to legislate, a government that cannot govern, a pseudo-responsible administration that offers enormous scope for corruption, and that is perhaps invincibly entrenched behind the two-party system from any insurgence of the popular will. The plain fact of the case is that Congress, as it is constituted at present, is the feeblest, least accessible, and most inefficient central government of any civilized nation in the world west of Russia. . . . It is necessary to make the Senate and the House of Representatives more interdependent, and to abolish the possibilities of deadlocks between them, to make the election to the Senate direct from the people, and to qualify and weaken the power of the two-party system by the introduction of second ballots and the referendum."

Should Mr. Wells return to Washington, he might not observe any change in the scene of a decade ago; but nevertheless the House has changed its mode of choosing Speakers and the Senate of choosing its members. The statement about Russia might still possibly hold good; but Mr. Wells would have to admit that the degree of inefficiency between the legislatures of the two countries has increased perceptibly. And in all probability, he would find Congress still debating railroad problems.

"I had it thrown into my face when I was in the campaign," said Mr. Davis, of Texas, in a debate last winter, "by at least a dozen Republicans where I spoke that we had acted hastily when we passed the eight-hour law, and they asked why we didn't wait and investigate. I looked them in the face and said that we felt like the house was on fire, and we had to put out the fire first and investigate later as to who started the fire."

#### Wherein a Resolution is Adopted

AND a resolution was brought forth to investigate. A joint committee was formed, composed of five members of the Senate and five members of the House, and they are still investigating. Mr. Black, of Texas, arose.

"The effect of the amendment which I have offered. . . . is to repeal that provision of the resolution which gives this committee authority and empowers it to investigate the subject of Government ownership of all public utilities, such as telegraph, wireless, cable, telephone, and express companies, and railroads engaged in interstate and foreign commerce, and report as to the wisdom or feasibility of Government ownership of such utilities. Mr. Speaker, as one Democrat who I hope still entertains some allegiance to the time-honored doctrines of our party, I am opposed to the

Government ownership of railroads, telegraph, and telephone lines, and other doctrine of that kind. [Applause.]

MR. DAVIS, OF TEXAS. Will the gentleman just spend a few minutes of his time rehearsing some of those time-honored principles which he is talking about?

MR. BLACK. Mr. Speaker, I have never known the gentleman from Texas (Mr. Davis) to be an exponent of very many of them. [Applause and laughter.] . . . I have the kindest personal regard for my colleague but I can remember when, as a champion of the Populist Party in the days gone by, he was preaching this doctrine of the Government ownership of railroads throughout the District I have the honor to represent. As a Democrat I was against such doctrine then and I am still against it. Mr. Speaker, the question that confronts this country is not the question of Government ownership of public utilities, but it is the question of how they ought to be regulated and controlled and made to serve the people's interest, and I believe that ought to be the investigation task of this committee.

There is a growing disposition in this country, every time anything goes wrong in a private enterprise, for some men to forthwith rise up and say, "Let the Government buy it and run it." I have never seen anything which leads me to believe that the Federal Government has demonstrated any conspicuous business ability in the conduct of its affairs.

MR. DAVIS, OF TEXAS. Mr. Speaker, I have stood all this time like a lamb dumb before the shearer. Now, I certainly see no objection to inquiring into all the whys and wherefores involved in the proper regulation, control and management of the great railroad lines of the country. . . . We have it in the sworn records of this company that a man by the name of Mellen stood and paid out something like \$70,000,000 in one day to persons he did not know, had never seen, and for something he had no idea of its value, and under similar process charged stupendous sums against one of the great railroads of this country to be levied upon the industry of even the unborn generations. . . .



I said I was perfectly willing to continue the investigation. Why? To see if there is any decent method on God Almighty's earth to explain why they let men literally rob the New Haven & Hartford Railroad, like robbing a beggar, and pocket millions. I said I was perfectly willing to have them explain how Mr. Gould's system could pay \$5,000,000 for a man to stand by the side of one female member of his family in Europe and become her husband and charge it up to the Missouri Pacific line and run it into bankruptcy, and then pay \$3,000,000 to get loose from him and charge that up to another Pacific system and run it into bankruptcy. [Applause.] I am perfectly willing for all these matters to be explained. I could go on for an hour and ask for explanations of all these lines that have been filched. I am speaking for the unborn. [Applause.]

Now, I just want to look at my very excellent young friend over here, Mr. Black, who taunted me with the statement that he had never known me to stand for many of the time-honored doctrines of Democracy. I took nine volumes of Thomas Jefferson (congressional edition), went all over this Republic defending those doctrines, and I helped to write the first national demand for an income tax law ever put into a national platform in the United States, and the gentleman was in knee breeches then. [Applause.] I helped write the first national platform that was ever made demanding the direct election of United States Senators, and advocated these all over the country with Bryan and other glorious Democrats.

What was the gentleman from my district doing? He was sucking his thumb, perhaps, and wondering if he would ever get to Congress. [Laughter.]

I have been called often by telegram in every national campaign for 25 years, and if I had devoted my time in staying at home to practice law like he did I could have had plenty of money, plenty of it; but I gave my time to the public. I wore the backs off of nine volumes of Thomas Jefferson, traveling largely at my own expense, and had them rebound. [Laughter.] I thank you. I want the resolution to cover a thorough investigation, as pledged by President Wilson when we passed the eight-hour law. [Applause.]

#### As to the Tonnage of Conversation

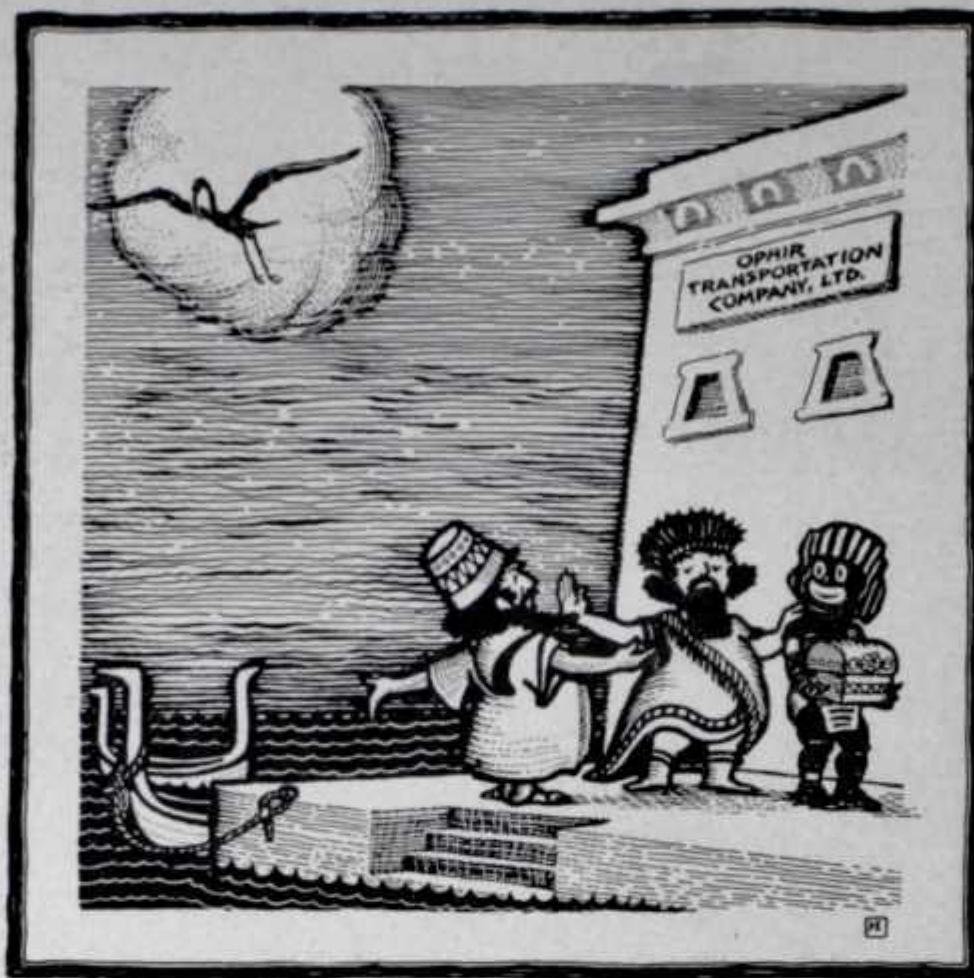
[It was the Hon. David J. Lewis, of Maryland, who before his confreres in the House, undertook to explain why conversation, valueless as it often is, comes so high over the wires:

"It costs the American as much to ship his long-distance conversation over the wires, mile for mile, as it costs him to ship a ton of freight over the rails. The railroads get, on the average 7 mills a mile for moving a ton of freight. The telephone system charges 6 mills a mile for carrying a three-minute conversation. Gentlemen can

realize how weighty their conversations sometimes are. They weigh about a ton on the long distance wires.

"I take you to an average town in Germany and introduce you to the postmaster. You go into his office. It is the express office, the telegraph office, the telephone office, all in one. He shows you his wire system. It converges to one line of poles in the street, carrying the telegraph-telephone wires. The toll telephone wire is also the telegraph wire and you can use it

glory of the Union, you see three lines of poles—the Western Union, the Postal Telegraph (neither rendering any telephone service), and the pole lines of the Bell system, a better telegraph structure than either telegraph company's, yet it is rendering no public telegraph service whatever. Three pole lines! Yes, even a fourth, for sometimes the pole of a "competing" telephone company stalks into the phantasmagoria! Waste, waste, a perfect carnival of waste of overhead, of men, of material, of capital, of managerial and executive labor."



Ancient tablet and inscription recently unearthed on the right-of-way of the Berlin to Bagdad railway.

And Nahab, the son of Ober, built a navy of ships which trafficked to Ophir. And there came to him a prophet, a hairy man, who said unto him, Behold I have ordered myrrh and spikenard and camphire for my wife to come in thy ships from Ophir, and it has come not, though I have long since received my bills of lading. Wherefore my wife reviles me sorely and says that I love her not.

And Nahab answered and said unto him, My heart bleeds for thee and yet I, too, am troubled with a great trouble, for my company's equipment is run down, my orders for new tonnage have been diverted to the Assyrians, my rates are too low and evil weather hath broken many of my ships at Eriou-Geber.

And the prophet was wroth and he said, Thou shalt answer for this to those that sit in the high places (Interstate Commerce Commission)—Translator and because of this thing it shall come to pass that transportation shall be a plague to the sons of men even unto the third and fourth generation. And it has been so even unto this day.

for both purposes at the same moment. Unity, efficiency, economy, and an annual surplus of \$22,000,000 is the result.

"We go now to my home town and we meet the American postmaster. It would be a misnomer to call him a postmaster in other countries, for his functions have been divided among strangers. Looking from the post-office window he shows you their rudimentary fragments. You see on one corner the office of Wells-Fargo, on another the Adams, farther down the street the American and the National express offices. And even in the field of communication, sacred to the postal system under the Constitution, what do you see? Well, all still in sight, you see the separate offices of the Western Union, and the presumptuously named "Postal" Telegraph companies all vying with each other and the express companies in a prodigious waste of postal resources. When Alexander G. Bell found he could talk over a wire the news was cabled to Europe and the Postal Telegraph engineers soon found they could use the telegraph wires for telephoning and telegraphing at the same moment, and so in Europe you see only one line poles for both. But on the Maryland roads, the

inquire of the Senator from Georgia whether this article may not only mean that the National Defense Council are spending the \$100,000,000 that this country gave to Russia, and does it as a mere matter of assistance in the disbursement of the money by the purchase of railway material in this country?

MR. SMITH, OF GEORGIA. I do not know what it means. I do not know if the representatives of the Russian Government who receive the \$100,000,000 are authorized to make arrangements with American organizations for its use.

MR. NELSON, OF MINNESOTA. Does not the Senator from Georgia regard Russia as our ally?

MR. SMITH. I hope so.

MR. NELSON. Is it not material that Russia shall be in a position to maintain herself on the eastern front in order that we may be successful on the western front?

MR. SMITH. It is very desirable, though I cannot conceive that it is absolutely necessary.

MR. NELSON. It seems to me that the intimation the Senator intends to convey is taking a narrow view of the subject. We need the help of Russia in this war to. (Continued on page 35)

**D**URING the extra session of Congress the only occasions when members expressed themselves upon railroad matters were in the debates on resolutions to increase the membership of the Interstate Commerce Commission from seven to nine, and to authorize it to establish new car service regulations. Mr. Smith of Georgia, moved by an item in a New York newspaper, took advantage of one of these occasions in the Senate as follows:

Mr. President, I send to the desk a very short article that I ask to have read, upon the subject of rebuilding Russian railroads and financing their reconstruction through the National Council of Defense. I have no comment to make upon it; but I was just wondering when we passed the legislation to put the responsibility upon the National Council of Defense to rebuild Russian railroads.

(Follows reading of article. Matter of order for 10,000 cars placed with various American companies for the Russian Government which ultimately desires 40,000 such cars.)

MR. KNOX, OF PENNSYLVANIA. Mr. President, I should like to



# SCHIEREN BELTINGS

1868

Fiftieth

Anniversary

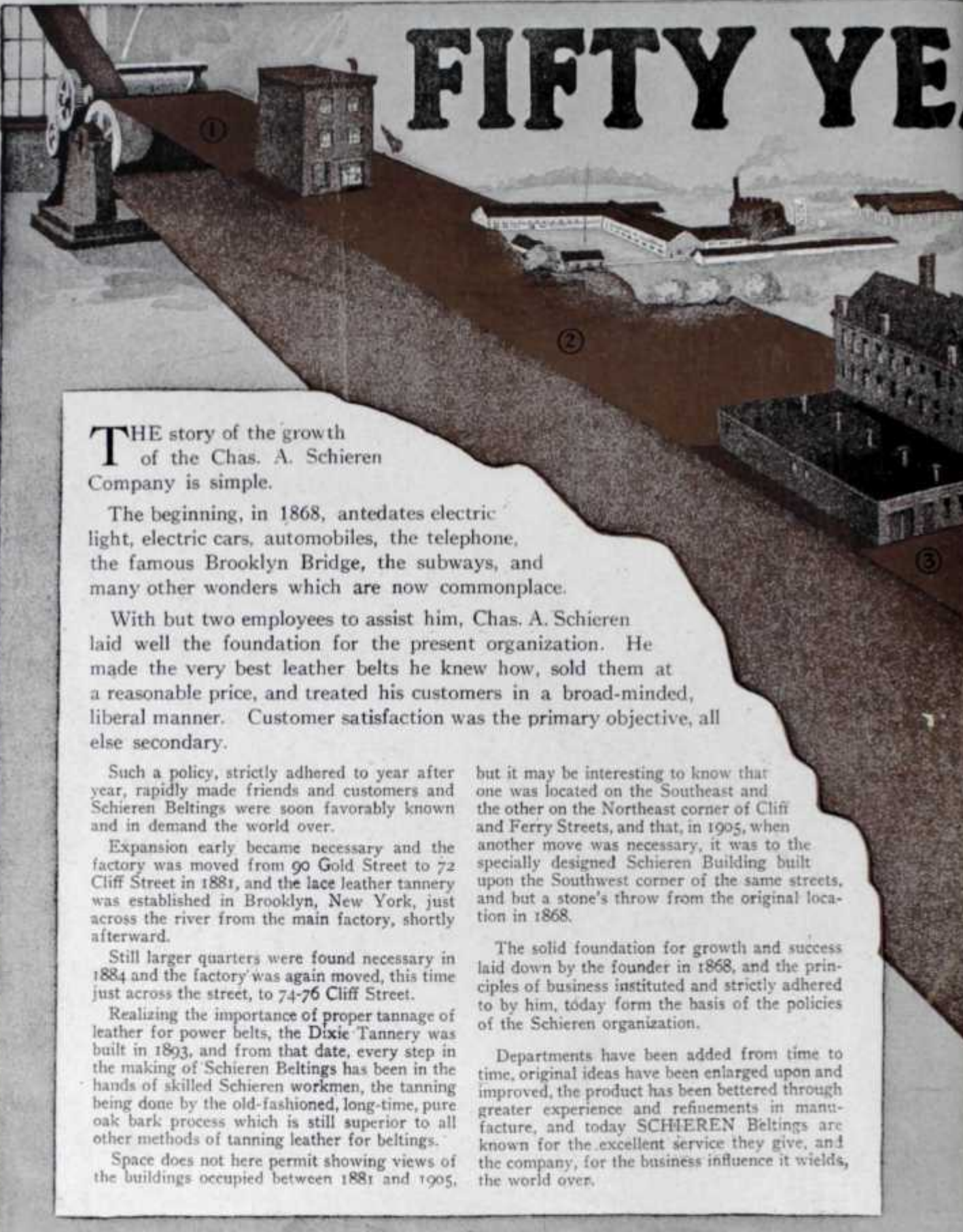
1918

The changes wrought in 50 years of time have given to New York a distinctive individuality in its numerous skyscrapers, its mammoth bridges and its subways, and made it, in more ways than one, the most important city in the world today.

New York has always been the home of the Chas. A. Schieren Company, makers of superior leather beltings.



# FIFTY YEARS



**T**HE story of the growth of the Chas. A. Schieren Company is simple.

The beginning, in 1868, antedates electric light, electric cars, automobiles, the telephone, the famous Brooklyn Bridge, the subways, and many other wonders which are now commonplace.

With but two employees to assist him, Chas. A. Schieren laid well the foundation for the present organization. He made the very best leather belts he knew how, sold them at a reasonable price, and treated his customers in a broad-minded, liberal manner. Customer satisfaction was the primary objective, all else secondary.

Such a policy, strictly adhered to year after year, rapidly made friends and customers and Schieren Beltings were soon favorably known and in demand the world over.

Expansion early became necessary and the factory was moved from 90 Gold Street to 72 Cliff Street in 1881, and the lace leather tannery was established in Brooklyn, New York, just across the river from the main factory, shortly afterward.

Still larger quarters were found necessary in 1884 and the factory was again moved, this time just across the street, to 74-76 Cliff Street.

Realizing the importance of proper tannage of leather for power belts, the Dixie Tannery was built in 1893, and from that date, every step in the making of Schieren Beltings has been in the hands of skilled Schieren workmen, the tanning being done by the old-fashioned, long-time, pure oak bark process which is still superior to all other methods of tanning leather for beltings.

Space does not here permit showing views of the buildings occupied between 1881 and 1905,

but it may be interesting to know that one was located on the Southeast and the other on the Northeast corner of Cliff and Ferry Streets, and that, in 1905, when another move was necessary, it was to the specially designed Schieren Building built upon the Southwest corner of the same streets, and but a stone's throw from the original location in 1868.

The solid foundation for growth and success laid down by the founder in 1868, and the principles of business instituted and strictly adhered to by him, today form the basis of the policies of the Schieren organization.

Departments have been added from time to time, original ideas have been enlarged upon and improved, the product has been bettered through greater experience and refinements in manufacture, and today SCHIEREN Beltings are known for the excellent service they give, and the company, for the business influence it wields, the world over.



# RS OF PROGRESS

The pictures on these two pages are arranged to give you a panoramic idea of the growth of the Chas. A. Schieren Company.

Fig. 1 represents the building at 90 Gold Street, New York, where, in 1868, Chas. A. Schieren first made leather beltings.

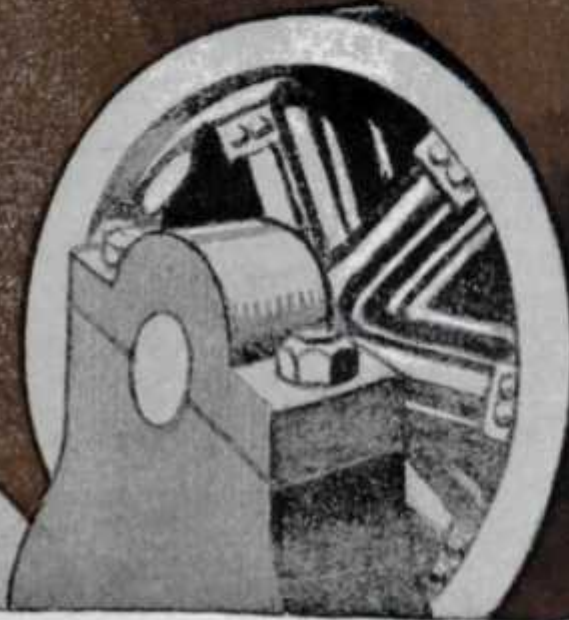
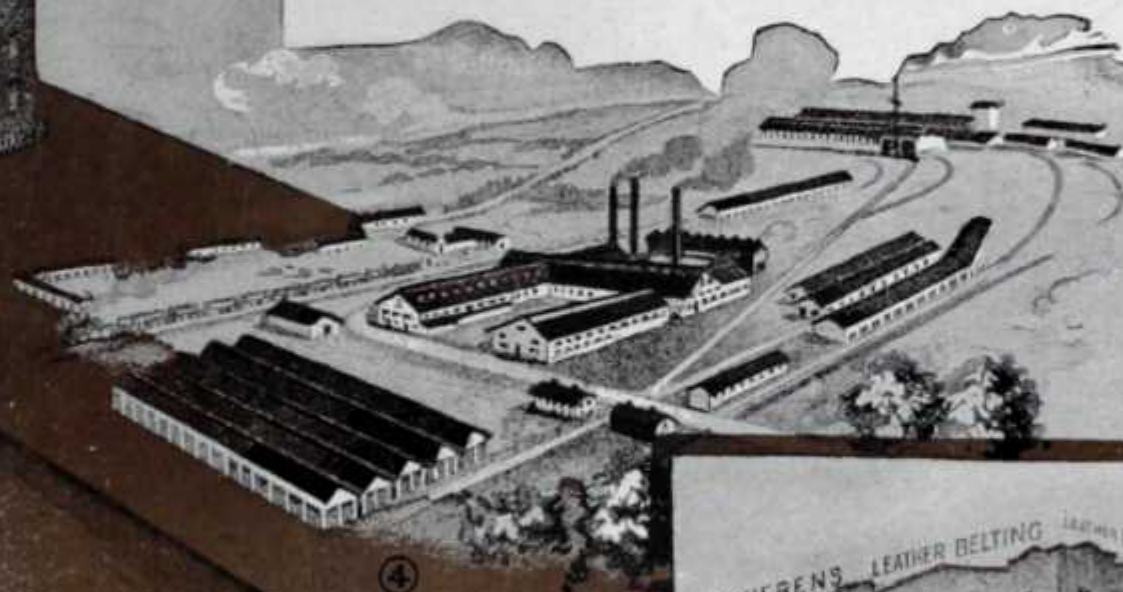
Fig. 2 illustrates our Dixie Tannery at Bristol, Tennessee, as completed and first operated in 1893.

Fig. 3 is a photograph of our Tannery at

Brooklyn, New York, where lace leather is made.

Fig. 4 shows the Dixie Tannery as it looks today, where all of the hides that enter into SCHIEREN Beltings go through the long-time pure oak bark process of tanning.

Fig. 5 shows the Schieren Building at 30-38 Ferry Street, in the very heart of downtown New York, and the present home of the factory and main offices, including the Export Department.







Summed up, the present worldwide distribution of SCHIEREN Beltings has been made possible by:

(1) An honestly made product that stands up well in the service of the customer.

(2) A broad, liberal policy which has served to retain our customers' good-will and patronage year after year.

(3) Continuous National and International Advertising that has put us in touch with buyers and users everywhere.

(4) Attracting to our organization, through a combination of the above, firms of the highest calibre to act as our distributors, and, through their active support, making it more convenient for customers to obtain SCHIEREN Beltings quickly when needed.

Our healthy growth and substantial success have been due to: the product itself, liberal terms and assistance to distributors, continuous advertising, and a

business policy which retains the good-will of both customers and distributors.

We invite inquiries for detail information from buyers, users, or prospective distributors of leather beltings.



Reg. U. S. Pat. Office

*Schieren Company*  
Tanners  
Belt Manufacturers

Main Office and Factory:

75 Ferry Street, New York, U. S. A.  
Oak Leather Tanneries, Bristol, Tenn.

Officially awarded:  
Gold Medal, Paris, 1900;  
Grand Prix, Brussels, 1910; Grand Prix,  
Turin, 1911;  
Gold Medal, San Francisco, 1915.





## A White List of Business Books

By JOHN COTTON DANA

Librarian, Free Public Library, Newark, N. J.

### No. 3. Business and Trade Periodicals

THIS is the day of the journal and the pamphlet. Later I purpose to say something on the "Wise Choice of Pamphlets by the Man of Affairs." Here is a word on journals, a topic on which it is impossible to be greatly wise, for the printing press has got away from us and all the libraries, catalogers, indexers and digesters of the world cannot get its products under control. Great things happen daily and good ideas come forth daily in every quarter of the globe and all jump into print and ask to be read, understood, and properly placed in relation to every man's economy for that day. We are periodically intoxicated. We invented printing and are printed to our undoing. Every idea and every trade, profession, calling and every aspect of every calling has a journal. Our own Federal Government publishes over forty journals, four of them daily, ten weekly, merely to report a few of its doings.

Send for the price list of these journals to the Superintendent of Documents, Washington, D. C.—it is a revelation to most business men; and subscribe for the daily *Official Bulletin*, \$5 per year, and for the daily *Commerce Reports*, and *Supplements*, \$2.50 per year.

Of journals on special subjects we print in this country over 3000. Whatever your field you will find more than 100 journals dealing with it so closely that, if your business is large, you need to keep in touch with all of them.

The journals named below, and the notes on them, are meant to be useful as suggestions. And the one supreme suggestion they try to convey is this: Get a print expert, let him make himself a living dictionary of your business; make him explore daily the world's print and bring to you out of it, closely condensed, the facts and opinions that will help you, your department heads and your specialists and your technical men. And, particularly, make him explore the world's special journals.

#### Periodicals on Business in General

THESE or their like are indispensable. To see the business significance of the "news," meaning the events behind the "news;" and particularly the significance of news as it will affect your own business;—is not this the handle to business opportunity?

To-day more than ever, with the swift and tremendous developments in our business world, the answer is, yes.

How to keep abreast of the news of each day and how to interpret it in its relation to business; this is the problem that every business man has to solve.

Some men try to cover the whole field and try to see how each day's news affects all business; but, unless they have brains of great generalizing power and are miracles of en-

durance, they are quite overcome by the breadth and complexity of the ever-new problem of the influence of the world's daily harvest of tremendous change on any given enterprise. Almost every successful business man has some favorite method of acquiring the information he needs and relating it to his own special activities. But to do even this calls, to-day, for tireless energy and a vision of unusual breadth and clearness.

BUT if a group of skilled workers and students, closely cooperating specialists, were to study each day the important events of the previous day; and analyze and arrange them, and then were to put in print as sound an opinion as their combined abilities could produce of the probable influence of those events on the world's affairs,—here would be something which each individual business man of fair intelligence would surely find helpful in his efforts to see clearly the bearings of world-events on his own special enterprise.

*The New York Journal of Commerce* (a daily newspaper, 32 Broadway, N. Y., \$12), tries to do just this, and perhaps does it as well as the limitations of time, of human intelligence and of cooperative skill permit. Every man of large affairs finds in it the events that affect him, and such interpretations thereof as help him to see clearly their full significance. It gives, also, market prices of hundreds of commodities as well as of stocks and bonds; notes on shipping, crops, market conditions; activities planned by trade associations, exporting and foreign trade news; the texts and interpretations of new laws affecting business,—and much besides.

What this newspaper does each day these journals which follow do each week:

*The Commercial and Financial Chronicle*, (Weekly, 138 Front St., N. Y., \$10) is an epitome of news with emphasis on the financial side.

*The Statist* (weekly, 51 Cannon St., E. C., London, \$10). The world's finance and trade, giving the same kind of information for England as does the *Commercial and Financial Chronicle* for the United States. It also summarizes financial and economic conditions in foreign countries.

*The Annalist*, (Weekly, 229 A. 23d St., N. Y., \$9). Finance, commerce and economics, with illuminating charts, tables and diagrams.

*The Economic World*, (Weekly, 80 Wall

St., N. Y., \$4). Chronicle of events, with opinions on finance, commerce, industry, insurance, transportation, agriculture, general economics and social questions.

*The American Economic Review*, (Quarterly, Ithaca, N. Y., \$5). The busiest men

can find time to learn, as they quickly can from this journal, of the books that have been printed in the last quarter on important business topics. It gives names and the general purport of the more important of recent books that touch the business world. From it one can select the few one may wish to examine.

*The Business Digest*, (Weekly, N. Y., \$10, with quarterly cumulated issues, \$15 a year). An Encyclopedia of business progress. Who reads all important articles in the 65 best business magazines each month? *The Business Digest* does. It selects 65 journals covering every aspect of business and puts into readable form a concise summary of every good article in them, arranges them by subject and prints them, monthly, in alphabetical order. If interested in foreign trade, or accounting or store management or leather or what not, you will find here the best of what has been written about it in business and trade papers in the previous week.

#### For the Administrative Department

##### 1. Management and Business Methods

*System*, (Monthly, 5 N. Wabash Ave., Chicago, \$3.) "The magazine of business" is its appropriate sub-head. The best known of all "business" magazines. You wish to borrow money? To get a job? To install a "fool proof" filing system? To increase your turnover?—*System* will help.

*Industrial Management*, (Monthly, 6 E. 39th St., N. Y., \$3.) The engineering magazine for proprietors, engineers and managers. The scientific approach to business problems in the shop, in administration and management. *Engineering Index*, included in each number, is a descriptive index to leading articles in transactions of engineering societies of Europe and America and in engineering journals of the world.

*Buildings and Building Management*, (Monthly, 119 W. 40th St., N. Y., \$3.) Ranges from the best method of calcimining to the problem of the janitor.

##### 2. Accounting and Credit

*Journal of Accountancy*, (Monthly, 20 Vesey St., N. Y., \$3.) Invaluable for the accounting systems of modern business.

*Bulletin of the National Association of Credit Men*, (Monthly, 41 Park Row, N. Y., \$1.) All that you would expect from its name.

##### 3. Office Work

*Office Appliances*, (Monthly, 805 Plymouth Building, Chicago, \$1.50.) For purchasing agent, office manager and all special clerks.

*Correct English*, (Monthly, Evanston, Ill., \$2.) To help the stenographer in improving the poor English of dictation.







### Level Heads as a Stabilizer

**A** CLEAR EYE and a cool head are the most useful possessions of a fighting man, and of a fighting nation. As a matter of fact, we have everything else. In abundance of resources,—whether in materials or in equipment through which we can utilize them,—we excel, and excel magnificently. If we lack for anything, we can at will have it brought to our shore, merely by intimating that in return for the largess with which we bestow our abundance upon the rest of the world we expect some tangible returns. As a foundation for industry and war we have financial strength that may well be the envy of all beholders. Our man-power with its individual excellence and volume, has no equal.

The clear eye, the cool head, and the calm nerve will give our strength the tone and vigor which make national force irresistible. They are the superlative attainments. By way of finding out what our attainments really are we have now come to the test, not of resources and material wealth, but of our institutions. We are putting the touchstone to the education we have given our youth, and to the training and ideals we have provided for them in their careers. In short, we have put ourselves to the task of ascertaining whether or not we are a great people, capable of the singleness of national purpose that brings unerring success and avoids the bootless wastage of possessions and men which follows upon uncertainty of mind and dullness of eye.

In this test the responsibility falls upon each one of us. The institutions which are being placed on trial are our institutions. Before the court of world affairs we are individually the witnesses by whom constancy of heart and mind and certainty of hand and eye are to be proved. The question is, which is to be master,—the overweening pride of power which was denounced twenty hundred years ago or strength garnered and launched forth with the direction of cool and steady head and clear, unflinching eye.

The answer to this question we all know. The quickness with which the answer is made plain, however, depends upon each of us,—the devotion with which we each continue to attend to our individual jobs and the firmness with which we refuse to muddle our heads and blur our eyes with distractions. There is a time for all things; just now it is the time to fight,—in the trenches, at the mechanic's bench, in the office, in the kitchen, at the pneumatic hammer which pounds rivets in new ships, at the throttle of the freight locomotive, behind the grocery counter,—wherever we have our separate stations.

### Berlin Papers Please Copy

**T**HE SHIPPING BOARD has rendered its first account of its activities. Of its Emergency Fleet Corporation with its staff of 1000 employees the Board says:

"The Corporation has 16 offices in various parts of the country. It is supervising the building of 1118 vessels in 116

shipyards distributed throughout the United States. It is disbursing for the construction of those ships something in excess of a billion dollars per annum. It is controlling substantially all the shipbuilding of the country other than of naval vessels, and its programme calls for the completion in 1918 of eight times the tonnage delivered in 1916."

### The Patriotic Pay Envelope

**T**HE INCOME TAX adds yearly to the people it directly reaches. For 1915 three hundred thirty-six thousand persons made returns of income ranging upward from \$3000 a year. For 1916 the number was 429,000. If the increase is proportionately as great in 1917 the number will this year be 545,000.

As the exemption from income tax has been materially reduced, the number of returns this year will run well into the millions. The persons who for the first time become subject to the tax may number six million or more. When the totals are added up these new payers of income tax together with the persons who have paid in earlier years may have twelve billion dollars of net income to report. With the net income of corporations this year possibly in the neighborhood of fourteen billion, and reckoning to be made for at least thirty million persons who are gainfully occupied and not subject to income tax, the figures would

seem to indicate something like thirty-five billion dollars as the net income of the people of the United States in 1917,—the sum out of which they meet their household expenses, provide their raiment, buy their luxuries, make contributions to charity, and put by their savings.

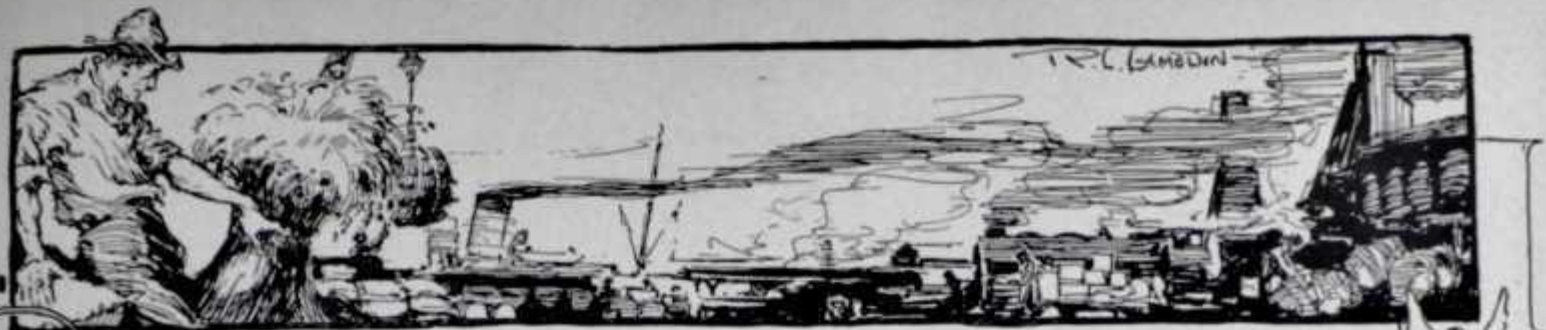
### Protecting the Dollar's Citizenship

**T**RADING WITH THE ENEMY is a term which has very considerably expanded since 1914. As things stand now, if one explorer should happen upon another in the vicinity of the South Pole they might have to communicate with their respective governments by flashing the Morse code on the Aurora Borealis before they could swap jack-knives or trade pemmican for walrus meat.

Under our Enemy Trading Act of October 6 the President may by proclamation extend the categories of persons in neutral countries with whom people in the United States may not have commercial intercourse without license from the War Trade Board. The persons affected by such a proclamation are natives, subjects, or citizens of a nation with which the United States is at war, or of a country which is allied with such nations. Consequently, they might include persons born in Germany but now citizens and residents of a neutral country. Against such persons the United States could not take any action; they are beyond its jurisdiction. But persons in the United States could not deal with them, without special permission. No Presidential proclamation has yet been issued.

Another part of the Enemy Trading Act makes it unlawful





for a person in the United States, without the War Trade Board's license, to have transactions with persons who are in other countries outside hostile nations but who are doing business within hostile territory. On December 5 the War Trade Board published a list of 1600 persons who are in Latin America and who, according to information before the Board, are reasonably believed to "have acted, directly or indirectly, for, on account of, in behalf of, or for the benefit of enemies or allies of enemies,"—i. e., persons in hostile territory or the territory of countries allied with Germany. This list is not complete the Board warns, and does not relieve persons in the United States from penalties for trading with other concerns if they have reasonable cause to believe these concerns come within the meaning of the law.

The Enemy Trading Act of October 6 is so drawn that no further legislation is necessary in view of our declaration on December 7 that Austria, too, has committed acts against us that bring about a state of war. The Enemy Trading Act automatically applies to any country with which we may formally declare war.

### A Tribute to the Sea's Aristocrat

**T**HE LINER, she's a lady, runs the rhyme, and the Liverpool Steamship Owners' Association heartily agrees. The liners have acted the role of a very noble lady, too, in the days of war; they have been the auxiliary cruisers, the transports, the supply vessels, and the carriers of much of the food and munitions.

The liners have played a part in England's economic life comparable in many ways to the service the railroads have rendered in the United States; for they have carried the manufactures,—the fine cottons, the woolen dress goods, and the articles of steel,—to the markets. On the way home the liners of England have carried frozen meats, provisions, tea, and the great variety of other articles for which tramps are not suitable.

At the moment when our railroads are stating their need of credit, the Liverpool Association foresees its future difficulties in the same direction. Two hundred million dollars is the amount of new expenditure estimated as necessary to place the British liner fleets in the state of efficiency they had when war was declared. Liners are costly vessels; in 1913 it cost \$150-\$175 a gross ton to build fast mail and passenger boats in England, and \$100-\$150 for ordinary passenger and cargo liners. A rough guess at the present cost is two and a half times the cost in 1913.

Fears about credit originate among British owners because they feel their future has not been assured. They wish to know that they will have their vessels back for their own operation when war ceases, and they desire to be free to proceed now with new construction, contending that they can now utilize

materials and labor for building the boats which will meet post-bellum demands as speedily and as economically as the government which has concentrated its attention on standardized steamers, of which it hopes to have twenty-two in service by December 31. Besides, they do not like the prospect of four new national shipyards, now planned by the British Admiralty, after the fashion of the national munitions factories which the Ministry of Munitions has now had in operation for two years.

**T**HE British liners will undoubtedly "win through." When the war began they were 1200 in number and represented 7,000,000 gross tons, whereas British tramps aggregated 13,000,000 gross tons. Of 908 liners entered in the London War Risks Association on August 5, 1914, apparently 33 have been lost through ordinary marine risks and 231 through the hazards of war, whereas 95 new vessels and 36 purchased vessels have been added to the list, leaving a net loss in liners of 133 vessels and 303,000 gross tons,—not a bad record in three and a quarter years of war.

Of course, this figure does not include the losses of tramps. General statements recently made in the House of Commons are that the net reduction in British ocean-going vessels from all causes has been 2,500,000 tons since 1914. The losses of vessels under all flags, neutral and belligerent, is still another matter. In the House of Lords the gross losses to the world's merchant shipping on account of mines and submarines has been stated as 2,225,000 tons in 1916 and 5,000,000 in 1917.

Such statistics serve to emphasize the part our success in shipbuilding will have in world affairs, even though the redoubtable Lord Beresford, who is responsible for the last statement quoted, indicates by his optimism that like the rest of us he has become inured in his daily life to figures that have no less than seven places.

Liners and the mail are certain to renew their former close connection after the war. Our mail subventions made the American Trans-Atlantic service the equal of any about 1895. In that sort of a support England and Germany out-distanced us. Last March Congress authorized the Postmaster General to pay as much as \$8 a mile on the outward voyage to American steamers carrying mails to Great Britain, but it stipulated the steamers were to be of 35,000 tons gross and of 30 knots speed. Such a liner did not exist under any flag. The fastest of the kind the Mauretania never did better than 27 knots. Clearly, Congress was setting a new goal for American builders.

### Control, Coming and Going

**C**ONTROL OF FOREIGN TRADE was made more complete on November 28, when the President declared that imports of many materials useful for war manufactures could be made only under license from the War Trade Board.

At the same time, the War Trade Board indicated that

### FINANCIAL PERILS, TOO!

**M**UNITIONS MANUFACTURE has its uncertainties, according to the returns of the federal tax for 1916. Of 498 concerns which reported manufacture of munitions or parts, only 269 showed a net profit after they had made allowance for amortization of special plants and equipment.

The results of the tax for 1916 are below expectations, and apparently will be around \$40,000,000. This will mean that the net profits received by the concerns subject to the tax were about \$320,000,000. For 1917 the special munitions tax will decrease from 12½ to 10 per cent of net profits, and it will cease altogether after December 31.



with the imports controlled and disposition of the imports consequently under closer supervision belligerent countries might be expected to permit larger supplies of such articles as wool, tin, rubber, and the like to come to us.

Regarding some of her situations the War Trade Board has said nothing. For example, Australia for upwards of a year has refused to admit our soap. When a question was raised about the matter in the Australian parliament the government took the position that the United States, which has not used great amounts of glycerine for its explosives, was charging England for it about \$1300 a ton, whereas other allies had a fixed price of \$420. In other words, Australia is apparently making reprisals against the United States on behalf of England, and at the same time advancing its own manufacture of soap and admitting soap from other countries. As for our makers of glycerine, some of them have talked of stopping manufacture because, in view of their inability to get export permits from the War Trade Board, they cannot dispose of important by-products, including stearic acid. All of this illustrates the complexity of situations which develop when pretty much the whole world goes to war.

#### Cornering the Wily Statistic

THE BUSINESS VOLUME of the country continues a subject for speculative calculation. The speculative element appears in the uncertainty of what constitutes the volume of business. On this point no two persons appear to agree.

If bank clearings were an accurate indication,—and economists for once are unanimous and say they are not,—the country's business in 1917 would exceed 300 billion dollars. Even if one takes the point of view of the economists, he can still marvel at the number of checks which were necessary to pile up such a total.

Attacking the question from another point of view, any one who desires to exercise his pencil can begin with the net earnings of all corporations in 1916, as reported this month by the Bureau of Internal Revenue. This figure is \$8,693,000,000, and was 67 per cent larger than the corresponding figure for 1915. If this rate of increase has continued, the net earnings of corporations this year have been \$14,527,000,000. An average percentage of net earnings to gross earnings for 204,000 corporations,—the number which showed profits in 1916,—is almost impossible of computation; for these corporations are engaged in every conceivable sort of enterprise. Besides, 140,000 other corporations, which did not show net earnings to which the federal income tax could attach, undoubtedly did a tidy amount of business among them. One guess at the ratio of net earnings to gross earnings may consequently be almost as wild and as open to criticism as another; if 5 per cent happened to be approximately correct, the gross earnings of American corporations this year would be around 300 billion dollars. But this is the same as the aggregate of the bank clearings, and once more demonstrates that there is something wrong in the premises; according to the estimates of the Treasury Department the fair value of the capital stock of all corporations was only \$21,000,000,000 in 1916. Incidentally, no account has been taken above of the business done by individuals and partnerships.

Feeling rather dismayed, a man with a pencil and abundant scratch paper may try a third mode of attack. He may conclude that there is a rough relation between the amount of coal consumed and the value of

manufactured products that are turned out. He starts with the figures for 1914,—\$19,000,000 tons of coal produced in the United States and \$24,246,000,000 in manufactured products. In 1917 the tonnage of anthracite and bituminous will approximate 650,000,000. At this point the statistical strategist might gaily conclude that the value of articles at the factory door in 1917 was \$30,000,000,000,—but he would forthwith recall that he has a computation on the basis of the prices of 1914, and that he has another impossible task in finding an average for an increase in prices of which he has personal and painful fragmentary knowledge. Rather hopelessly he may yield to an impulse to make a sweeping generalization and avow that anyhow the value of manufacturers in 1917 might be around 40 billion dollars. He would then add in the part of the agricultural and mineral products that do not go through such manufacturing processes as to get into the first figure, calculate the value of such services as banking and transportation, and recall the business transactions on the part of jobbers, wholesalers and retailers to which a barrel of flour, a package of pins, or a piece of hardware may give rise. Finally, he will look up statistics for imports and exports. As he lapses off into unconsciousness, he may have reached a total in the vicinity of 200 billion dollars, "more or less."

The last figure is no more dependable than the first. There are at least ten reasons why each is wrong. At the same time, there is no certain way by which a more accurate figure may be reached for such a complex aggregate as the total volume of business done among a population which is well over one hundred million, and which in all its history was never so active as to-day.

#### What Our Industries Are Earning

PAR VALUE of shares of stock has had some attention from the Treasury Department during the last year, in connection with the federal tax on capital stock taken at its fair value. The Department has now published its conclusions regarding the net earnings corporations engaged in different kinds of business must make in order to have their stock worth its par value. The Department's conclusions are that the following rates are necessary for this purpose:

States west of Mississippi River .....	8 <sup>5</sup> / <sub>8</sub> %
States east of Mississippi River .....	6 <sup>5</sup> / <sub>8</sub> %
Mercantile .....	10 <sup>5</sup> / <sub>8</sub> %
Mining .....	10 <sup>5</sup> / <sub>8</sub> %
Industrial .....	10 <sup>5</sup> / <sub>8</sub> %
Oil-producing companies .....	15 <sup>5</sup> / <sub>8</sub> %
Oil-refining companies .....	10 <sup>5</sup> / <sub>8</sub> %
Contracting and construction companies .....	15 <sup>5</sup> / <sub>8</sub> %
Public utilities .....	8 <sup>5</sup> / <sub>8</sub> %
Railroads .....	8 <sup>5</sup> / <sub>8</sub> %
Light and power companies .....	8 <sup>5</sup> / <sub>8</sub> %
Electric railways .....	8 <sup>5</sup> / <sub>8</sub> %

#### Social Justice For Fish

FISH, according to their kind, said Izaak Walton, are subtle, large and stately, generous, pleasant and jolly, or tyrannical, pretty much after the variations in other creatures. Perhaps recalling Walton's phrases of two-hundred fifty years ago, the chief of the Bureau of Fisheries has recently announced that there are accepted families of fish that for generations have been admitted into the best homes whereas other families of intrinsic excellence have been outside the social pale.

Apparently, most of the kinds, regardless of social status, are now visiting our stores in such quantities as to attest the continued

fertility of sea and lake. The greatest fishing the present generation has known, is the new from Lake Erie, which is providing whitefish and herring. Enormous schools of fish are reported feeding along the New Jersey coast. On the Florida coast a crew of fishermen took 80,000 pounds of mullet in one day, and when they rested for their exertions had one hundred dollars apiece for their share in the gains. From California come stories of sardines taken in such quantities that they have to go for fertilizer. The run of salmon this year in Northern Alaska is said to have broken the records of the Pacific coast.

BUT social distinctions seem to persist. Cape Cod reports that never in the world's history have prices for its aristocratic varieties ruled so high. Thirteen dollars a barrel is the price Provincetown fishermen have received for herring. At the same time wholesale dealers in New York City have been experiencing real difficulty in selling the quantities of low-priced fish they receive, and lament the buyers' apparent point of view that only a high price will buy good fish; on one day they had twenty-two varieties for sale at less than ten cents a pound, and had trouble in disposing of them.

The fact may be that our process of adjustment to a diet with a considerable element of fish is not complete. It may be hastened by the activities of officials. Wisconsin is establishing fish markets in towns where they were formerly unknown. State officials have plans for a fish market in Detroit.

This is only an example of what is going forward. Federal officials after dubbing a neglected fish "black cod" have changed the name to "kippered sablefish," and sent to the East some samples over which epicures are expressing delight. Other officials are along the southern Atlantic coast, showing what can be done in smoking the fish found in those waters.

In fine, we are working into the position of letting the fish do the part for which they seem to be very willing toward winning the war.

#### A Blacklist of Business Practices

UNFAIR practices in business take so wide a range that their definition is almost as impossible as any concise description of all the varieties of fraud. The Federal Trade Commission, has, however, made a temporary classification of the alleged unfair practices which are called to its attention. At present this classification runs about as follows:

- Intimidation, threats, boycotts, molestations, or obstructions.
- Refusal to accept advertising.
- Price cutting by way of
  - Free goods.
  - Local.
  - General.
  - Fighting brands.
- Disparagement of goods.
- Disparagement of business.
- False and misleading advertising.
- Misbranding.
- Simulation of slogans.
- Use of leaders.
- Use of coupons.
- Cutting off competitor's supplies and credit.
- Bribery and enticement of employees.
- Use of bogus independents.
- Enhancing prices of raw materials.
- Institution of malicious and vexatious suits.
- Inducing breach of contract.
- Passing off of goods.
- Use of same or similar trade name.
- Conspiracy to injure competitors.
- Espionage.
- Exclusive dealing contracts.
- Defamation of name and goods.

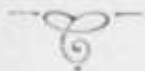




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# Who's Who—and Where, in Washington

HERE is a list of government buyers that will be of the greatest value to you if you have war business or correspondence with Washington. Expansion and reorganization have so changed personnel and addresses that it is now extremely difficult to find out just who is in charge of a given work and where he can be found at the Capital. THE NATION'S BUSINESS is glad to give its readers this new directory of the departments and the men in charge of their purchases.

## EMERGENCY FLEET CORPORATION

U. S. SHIPPING BOARD, 1219 F Street  
Buildings and Machinery other than electrical—Mr. A. L. Bell.

Electrical Apparatus and Machinery—Mr. W. E. McCann.

Anchor Chain, Wire Rope, Hemp Rope, Nautical Instruments, Miscellaneous Equipment and Supplies—Mr. J. P. Bourke.

Raw and semi-finished material on which Government expects to have prices fixed—Mr. G. R. Jasper.

Lumber—Southern Pine and Oregon Fir—Mr. F. K. Fawcett.

Lumber—Hardwoods—Mr. F. K. Paxton.

Inspection for material purchased by Purchasing Department only—Mr. E. A. Rebbeck.

Contracts and Specifications—Mr. T. D. Adams.

Chief Clerk—Mr. J. Birnie.

## WAR DEPARTMENT ENGINEER CORPS

Major Rose in Charge of Purchase.

1415 F Street.

Railway Equipment and Supplies—S. M. Felton, 734 15th Street.

Electrical Equipment—Capt. S. D. Miller, 1415 F Street.

Mechanical and Miscellaneous—Capt. O. M. Zimmerman, Winter Building, U Street.

## OFFICE OF CHIEF OF ORDNANCE CARRIAGE DIVISION

Lt. Col. J. H. Rice, Room No. 123.

State War and Navy Building.

Field Artillery Section—Lt. Col. L. T. Hillman.

Field Artillery Material, except guns and ammunition, 18th and E Streets, N. W.

Seacoast Artillery Section—Major J. B. Dillard.

Seacoast material and Hy. Mts. and Equipment, except guns and ammunition, 18th and E Streets, N. W.

Machine Gun Section—Major E. McFarland.

Machine Guns and Automatic Guns and Equipment, except ammunition 1703 New York Avenue.

Motor Equipment Section—Major L. B. Moody.

All Motor Equipment for Field Artillery Tractors, Ammunition Trucks, Tanks, Etc., 1703 New York Avenue.

Anti-Aircraft Section—Major J. B. Rose.

All Anti-Aircraft Mounts and Equipment, except motor equipment, guns and ammunition, 18th and E Streets, N. W.

## EQUIPMENT DIVISION

Major J. R. Simpson, Howe Building.

No. 1330 F Street, N. W.

Cotton and Duck Webbing.

Cloth equipment made of cotton duck and webbing, such as haversacks, pack carriers, cartridge belts, trenching tool carriers, paulins, grain bags, feed bags, etc.

Equipment made of leather, such as saddles, bridles, halters, bayonet scabbards, rifle scabbards, pistol holsters, belts, etc.

Meat equipment, such as canteens, meat cans, bacon cans, knives, forks, and spoons.

Hardware, such as trenching tools, picks, shovels, wire cutters, stencil outfits, marking outfits, etc. Also small hardware parts to be used in connection with cloth and leather equipment—such parts consist of snaps, hooks, buckles, eyelets, grommets, etc.

Cleaning and preserving materials, such as sperm oil, neatfoot oil, snaps, sponges, ammonia, ammonium carbonate, etc.

Steel helmets, including helmet linings and eye guards.

Fencing equipment, including fencing plastrons, gloves, masks, wooden fencing masks, and wooden sabers.

Periscopes, trench knives.

Woolen horse blankets, horse covers.

Instruments of precision, such as musketry rules.

## GUN DIVISION

Colonel Jay E. Huffer, "B" Street and Virginia Avenue, N. W.

## ARTILLERY AMMUNITION SECTION

Lt. Col. E. P. O'Hearn—Artillery ammunition of all description from 3 in. to 16 in. in

caliber, armor piercing projectiles, common steel shell, shrapnel, all types of fuses, primers, fuse setters, all accessories thereof, including paints, containers, packing boxes, etc.

## CANNON SECTION

Major C. C. Jamison—Cannon of all caliber from 3 in. to 16 in. (but this section DOES NOT handle small arms, machine guns, carriages or mounts for cannon), forgings for cannon, breech mechanisms, firing mechanisms.

## EXPLOSIVES SECTION

Major J. H. Burns—Smokeless powder for small arms and cannon, black powder, high explosives of all kinds, raw material used in the manufacture of powder and explosives.

## TRENCH WARFARE SECTION

Capt. E. J. W. Ragdale—Hand grenades, chemicals used for illuminating, incendiary and asphyxiating purposes, rifle grenades, aerial bombs, trench mortars.

## RAW MATERIALS

Major Douglas I. McKay—Materials used in manufacture of ordnance material used by this division: Steel, copper, spelter, lead, antimony, etc.

## DIVISION "T"

Col. J. W. Joyce, Room 209 National Savings and Trust Building, No. 715 15th Street. Supplies used in the manufacture of ammonia and acids, in purifying and compressing gases.

## OFFICE OF CHIEF OF ORDNANCE SMALL ARMS DIVISION

Col. John T. Thompson, No. 1801 I Street, N. W. Small arms rifles, automatic pistols, revolvers, sabers, scabbards, holos, bayonets, shot guns, small arms ammunition, targets, target material, marksmen's insignia.

The above mentioned articles are being purchased by the Small Arms Division only in their completed state. The components entering into the manufacture of these several articles are being procured for the Department by the purchasing contractor of small arms ammunition manufacturers, No. 50, East 42nd Street, New York City.

A list of the components purchased by that Bureau follows:

Steel (not allotted by Government)	Cotton Waste
Brass Rod Cleaners	Chlorate of Potash
Rivet Wire	Lead Sulphocyanide
Screw Bracket Butt Plate	Antimony Sulphide
Rust Pla-	Tri-nitrotoluen
Cleaners Bristles	Manganese Copper
Cord	Clap Board
Black Walnut Stocks	Packing Cases
Thong Case and Caps	Deadening Felt
Thong Cord and	Crucibles
Bristle Brush	Bandoleers
Emery and Emery	Clips
Wheels	Coke
Carborundum Wheels	Newboard
Bortz	Solder
Sling Straps	Charcoal
Scabbards	Screw Hooks and
Drills	Thumb Nuts
Screw Drivers	Varnish Coating
Oil	Iron Screws No. 12
Lard	3 in.
Mineral	Wire Nails, 4 Penny
(Not allotted by Government)	Shellac
Sulphuric Acid	Soda Ash
	Rosinoline
	Alcohol, denatured
	Terne Plate

## PURCHASES FOR SIGNAL CORPS

### AIRCRAFT DIVISION

Old Southern Ry. Bldg., 115 D Street, N. E.

Motors and Parts—Lt. H. H. Emmons.

Planes—H. L. Shepler.

Ordnance and Instruments for Signal Corps—L. S. Horner.

Woods, Etc.—Major C. E. Bligh.

General Equipment—Captain H. D. Moore.

## OFFICE OF QUARTERMASTER GENERAL

No purchases are made by officers on duty in the office of the Quartermaster General, but authority for making purchases is given by the various divisions to the depot quartermasters, constructing quartermasters, department and other quartermasters at various military posts and stations to purchase materials and hire labor or enter into contracts for supplies as follows:

### SUPPLIES DIVISION

#### STATE WAR AND NAVY BUILDING

Officer in charge, Brigadier General A. L. Smith, Q. M. Corps.

#### Assistants:

Fuel, forage, specifications for uniforms, etc.—Lt. Col. William E. Horton.

Miscellaneous supplies, such as typewriters, printing machines, printing outfits, stationery, office furniture, field ranges and field ovens—Lt. Col. George H. Penrose.

### TRANSPORTATION DIVISION

Officer in charge, Col. C. B. Drake, Q. M. Corps.

Colonel Drake is in charge of Motor Transportation—Automobiles, motor trucks, motorcycles, bicycles, tractors, trailers, tires, oils and greases for same; also in charge of water transportation—supplies, except subsistence, in connection with the transport and harbor boat service.

Assistants: Major J. E. Fair in charge of Remount Service—wagons and parts, horse drawn ambulances, carts, saddles, harness, harness parts, stable equipment, and the like. Captain H. A. Hegeman, in charge of Transport Repair Shops—machinery and equipment for repair shops being organized for service abroad.

Major C. M. Curran, in charge of Rail Transportation—all kinds of railroad equipment, repairs, etc., after installation.

Major J. W. Furlow, in charge of engineering features of Motor Transportation—in connection with testing of motor trucks with the view of standardization.

### CANTONMENT DIVISION

15th and M Streets

Officer in charge, Brig. Gen. I. W. Littell, Q. M. Corps.

Assistant: Captain R. C. Marshall, Jr. This division has charge of constructing the National Guard camps and National Army cantonments, and of the purchase and installing of material required to complete such camps and cantonments. A chart showing the division of that office is enclosed.

### CONSTRUCTION & REPAIR DIVISION

15th and M Streets

Officer in charge, Major C. O. Zollers, Q. M. Corps.

Supplies in charge of this division are as follows:

Barracks, quarters, storehouses, etc.  
Plumbing, heating and lighting in new buildings.  
Fences.  
Post Bakery Ovens.  
Gymnasiums, bowling alleys, etc.  
Shooting galleries and ranges.  
Rentals, including recruiting stations and lodgings.  
Permanent picket lines.  
Flagstaffs.  
Heavy furniture for officers' quarters.  
Wall lockers.  
Truck and Wagon Scales.  
Refrigerators.  
Drafting and Surveying Instruments.  
Power Plants, including lighting, heating, refrigerating and pumping.  
Laundries, crematories, etc.  
Electric lighting systems.  
Purchase of light.  
Incandescent lamps.  
Field laundries.  
Installation of elevators.  
Saw mills and saw mill equipment.  
Steam cooking appliances.

(Continued on page 35)



## Hon. Congressman and the Railroads

(Continued from page 24)

be successful. It retains some 60,000 or 70,000 troops on that line. The Russians have been handicapped by lack of transportation, in getting foodstuffs and ammunition. If we are interested in the prosecution of this war that is one way to help it along, and it is just as material to our success as it is to send troops over to Europe.

MR. SMITH. . . . Instead of being a narrow view, I was endeavoring to develop a broader view. My suggestion was that if we are engaged in reconstructing the railroads of Russia our own railroads might also come in for some consideration which would insure the public necessary transportation.

MR. NELSON. With the 15 per cent increase they can rehabilitate the roads in this country.

MR. SMITH. It was to broaden rather than to narrow activities that I presented this article. I have before shown the objection to the 15 per cent increase.

One may travel, pleasuring, from New Orleans to New York by inland water routes; and from New York to Plattsburgh, with only a few hours of rail, and no exertion but to admire the scenery, starting in its beauty. That commercial craft may push their noses into these waters so little used and relieve the over-burdened railways is a dream which has been realized so far as the appropriation for an investigation goes. Not very far. But the Secretary of Commerce described it to the Appropriations Committee as a "matter of somewhat serious and urgent importance." Mr. Small, of the Rivers and Harbors Committee, testified that river commerce could never be developed as it should be until every city contiguous to them or town of any size whatever has an adequate terminal, equipped in proportion to the amount of business to be handled, until they have the right type of carriers, and until there is established a system of prorating with the railroads so that a through bill of lading may be given for traffic to be handled partly by water and partly by rail. There must be a degree of encouragement and of supervision, and it occurred to me that this investigation, which would give us an immediate report, give us the information by the assembling of the regular session of Congress in December—

MR. SHERLEY of Kentucky, (interposing) They could not make a report by that time.

MR. SMALL of North Carolina. They could submit a preliminary report that would be very valuable.

MR. SHERLEY. It would be a report of no value. Take the Ohio River; do you mean to say that any set of men newly gotten together under the form of this appropriation could undertake to tell you the kind of terminals that should be at Louisville, Ky.? I happen to know something concretely about that situation.

MR. SMALL. What kind of water terminals have they there?

MR. SHERLEY. The same kind they have all along the Ohio River. They are simply without any real facilities. The problem there is a problem which it would not be possible for a board to pass intelligently on between now and 1st of December.

MR. Sisson of Mississippi. Are there not two things which are responsible for that situation, first, the capacity to handle the bank of the river, and, second, quickness of transportation? That is, at the interior points the people have been compelled to pay excessive freight rates to the railroads and at competing points frequently they carry the freight at such a very low rate that it is doubtful whether the railroads make any money and the steamboatpeople are compelled to quit the river? Has not that been true on the larger transportation rivers like the Mississippi and the Ohio, where they have paralleled the river with the railroad?

MR. SMALL. I can make this statement in reply to the question of Mr. Sisson. In former years, more than at present, the railroads did frequently reduce rail rates competitive with the rivers, and, as a rule, they recouped by charging higher rates to the interior; but after all it comes

down to the question of the facilities offered the public for the transportation of freight, and if shippers have patronized the railroads rather than the rivers, it was for the two-fold reason that low rates were provided and that the rivers did not have carriers properly equipped to carry the freight.

MR. Sisson. The question of loading and unloading is a difficult one; that is, unless you have facilities for getting the stuff in and out of the boat?

MR. SMALL. Absolutely. At some of the old landings along the Mississippi River it costs more to take the freight out of the boat and to get it to the warehouse of the consignee in the city than it does to carry it on the boat 100, or 200 or 300 miles. No commerce can be built up under those conditions. That condition can only be avoided by the construction of these terminals. There must be some supervision and encouragement, some governmental activity which can prod these localities with a view to providing the water carriers with these necessary essentials.

I just wanted to give you the benefit of my judgment. I think it is a valuable inquiry.

AS a last word before the extra session of Congress adjourned, Mr. Moore, of Pennsylvania, spoke thus:

We have no grievance against transportation companies as such. On the contrary, if our theory is correct, the improvement of our inland waterways must serve to feed the railroads and press new business upon them—that is our belief and that is what we advocate. But we realize now, as we have contended since this great waterways movement was inaugurated, that to depend solely upon one method of transportation in the United States, and especially along the Atlantic coast, is an injustice to the producers and consumers of the land and a setback to our national progress.

And as food for thought along this same line, may we not invite the careful attention of our Senators and Representatives, of our railroad officials and of all others concerned, to these queries?

First. Do you think the cost of living in the United States would be so high and the rail and ocean freight charges so great if our inside waterways had been encouraged to do their full share of the transportation work in this war?

Second. When the United States is willing to bond itself for \$7,000,000,000 to lend to our foreign allies to spend for war purposes, including railroad construction, do you not think we should be fair enough to our own people to appropriate the few paltry millions necessary to put our own coastal waterways in order for commerce and for defense?

Third. And, Mr. Railroad Man, do you not think when the United States Government lends men and money to France and Russia to build locomotives and cars and to build and rebuild railroads which coordinate with waterways and canals to facilitate transportation and develop the country, that the time has come for a similar coordination and development in the United States?

ON the 22d of February next Congress will, after its usual custom, meet to hear the reading of Washington's Farewell Address, and this is one of the things they will hear: "that, in fine, the happiness of the people of these States, under the auspices of liberty, may be made complete by so careful a preservation and so prudent a use of this blessing as will acquire to them the glory of recommending it to the applause, the affection, and the adoption of every nation which is not a stranger to it." Thus it will be seen that the recommendation of a democratic government to other peoples is no new policy peculiar to our present Executive. If the recommendation at this juncture is backed by the armed forces of the Nation, there is the psychology of those who oppose it to consider.

There is also this to consider. If under free

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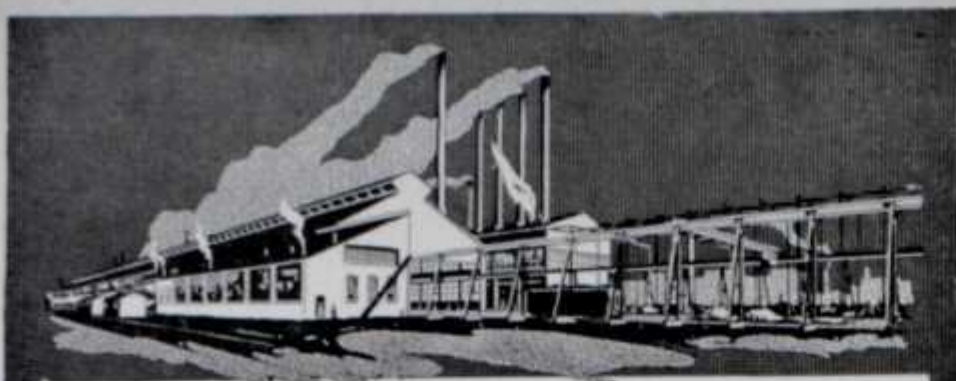
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## FRANK D. CHASE

### INDUSTRIAL ENGINEER

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institutions the business of our country, from the standpoint of service to the community, does not develop an efficiency superior to the State-controlled enterprises of Germany, to that degree it discredits our democracy and itself. The common carriers have their chance.

### Wood Versus Coal

THE United States Fuel Administration in cooperation with the Department of Agriculture has inaugurated an intensive campaign for the substitution of wood for coal. The action is taken as a means of conserving the coal supply and experts from the Fuel Administration estimate that the utilization of the nation's vast available wood supply would go far toward meeting the shortages of fifty million tons in the nation's coal supply.

In this connection it is announced that the Department of Agriculture will provide the services of expert foresters who will supervise cutting of wood so that no damage may be done to growing timber and that the largest use may be obtained of the supply of wood.

One cord of hard wood is equal to a ton of coal, according to the experts of the Fuel Administration. One ton of coal is released for use in war work for every cord of wood substituted. The Department of Agriculture and the Fuel Administration have statistics showing that there is a vast quantity of dead wood in many sections of the country and that the supply of wood in many communities is sufficient for domestic purposes in those parts. This wood in many instances is destroyed as waste and its conservation would not only serve the patriotic purpose of conserving coal needed to win the war but will also prove a measure of economy to the users.

Activities are already under way in the South looking toward an extensive campaign for the substitution of wood. Following the action of Gov. Brough of Arkansas in calling attention of the people to the practice of promiscuous burning of wood in clearing new ground and urging its use as firewood the Federal Fuel Administration of North Carolina has entered upon the work of establishing municipal wood yards. The use of convict camps is being urged in some localities as means of collecting wood, where the labor of convicts could be utilized without interference with free labor.

### Those Who Come Back

(Concluded from page 21)

bedside of the patient, and this decision involves, among other, these factors:

The history of the patient, with particular reference to his vocation, occupation and training for occupation of vocation prior to enlistment as well as after enlistment; the nature of his disability, determined, for example, in the case of men whose limb or limbs have been amputated, by Amar's or similar tests; these tests show the amount of power in the stump, determine the condition of the senses, the condition of the heart, lungs and nerve centers, and indicate, in general, what resources of strength there remain, either developed or undeveloped. At the same time that these tests are being made, the vocational expert is mentally placing the patient in an occupation most suited to his handicap. Often it is possible for a final decision on this point to be made prior to the fitting of an artificial limb.

For instance, a farm laborer whose arm or arms are gone, and whose system has been damaged to such an extent that heavy manual work is out of the question, might be found

adaptable by proper reeducation to some kind of factory employment or to an entirely different class of outdoor job. The new occupation is usually akin to the old, the workers' occupational knowledge being economized to conserve to the utmost.

NO matter what the decision may be in a particular case experience has shown that early in physical convalescence one skilled in the relatively new science of occupational therapy must be called on to assist. The function of occupational therapy in the re-education of the disabled soldier is to serve as a link between medical treatment and vocational education. Neither medical treatment nor vocational education alone meets this situation. All the foreign experience is that during convalescence in the hospital the mind of the patient must be prepared by definite occupation so as to fit him even to continue training for his necessarily newly ordered life. In France, to use one of the best illustrations of what has actually been done, only 5% of those whose training began in the hospitals failed to continue training after discharge, whereas of those who deferred training, 80% took none at all, and, presumably, in large measure at least, returned to civil life doubly handicapped for the struggle for existence—handicapped by their disability as well as by their failure to obtain vocational reeducation.

Beyond the actual medical treatment, the reeducation of war invalids falls into two divisions, that which is acquired under the guidance of the occupational therapist, and that which is acquired in the special vocational schools. The disabled man does not go to the vocational school till he has been through the curative workshop, in the hospital where occupational therapy is practiced.

"Close collaboration between doctor and technical adviser is indispensable for complete reeducation," says one who has first-hand knowledge of this kind of work, "and it is also indispensable for guiding the injured man and starting him on sound lines from the outset of reeducation. Reeducation must follow immediately after medical treatment and even overlap it." By the utilization in this way of otherwise idle hospital hours in short work periods, the patient is gently graduated, so to speak, into a condition such that the ever-present danger of becoming an incurable loafer and a worthless member of society is indefinitely postponed.

Once the patient's new vocation is determined on, or when several occupations are suggested for observation or practice in the curative workshop, it is the duty of the occupational therapist to make the training lead directly to the future occupation, or else to make it pre-vocational or introductory to the training which the patient will later receive in a school.

ENOUGH has been said to suggest the numerous problems which this single problem vocational rehabilitation entails. The administrative and financial problems belong in one group, and with them belong such questions as the relation of the Federal Government—which, it is assumed, will bear the major weight of the burden—to State agencies to municipal agencies, to semi-public institutions, to private institutions, to social agencies, to individual and organized employers, to organized employees, schools, hospitals, etc.

Another big group of questions relates to the purely technical aspects of the situation, and this group of questions is closely interrelated with the questions concerning administration and control. For example, how long must





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the patient remain under military discipline? Who is responsible for securing employment for him, and who is responsible for such follow-up work as is necessary to insure that he will not be exploited by his employer, or prove a liability to his employer? In this connection it is interesting to know that the Canadian Government has stood squarely behind its disabled men and has thwarted attempts of unscrupulous interests to pay less wages for a full day's work on the ground that the employee has, let us say, only one leg and is 100% efficient. What will be the attitude of the trades unions toward the injection of perhaps large numbers of trained men into existing employments? What will happen to the man if his wound reopens or his hurt becomes apparently incurable? How can the workmen's compensation laws be adjusted so as to take care of workers of a class which to-day has practically no legal protection against injuries incident to employment? How can the labor market be saved from unwise flooding? What Government positions, either civil or military, are open to the handicapped thus reeducated?

### Another Industrial Adjustment

TO some extent, in some cases to the fullest possible extent, these questions have been answered by the experience of Europe. There is good authority for the statement that only ten per cent of the German war cripples for a certain period have not been successfully reabsorbed into industry. But this, fortunately, is not Germany, and there are peculiar local conditions which will doubtless overturn some items in any foreign programme that might be adopted here. The plain fact of the matter is that in the midst of an industrial adjustment we are on the eve of another industrial dislocation brought about by the necessity for conserving the wrecks of war and, after retraining them, replacing them to the best advantage to themselves and the Nation in productive employment. Much study and investigation, much trial and experiment will be essential before the right or the best way is found. Millions of dollars not only next year but for the years to come will be saved by a wise solution, a solution planned with the cooperation of labor, business, Government and the professions, and executed by the appointed authorities with full appreciation of their responsibility and privilege.

### Who's Who—and Where

(Concluded from page 34)

Moving picture machines and equipment, including folding organs, chairs and tables. Assembly tents and chaplains' equipment. Wharves, sea walls and retaining walls. Dredging. Purchase of water. Roads and walks. Water-distributing systems. Crematories, incinerators and odorless excavators. Sewerage systems and purification plants. Railroad rolling stock and equipment—first installation. Drainage. Care and improvement of grounds. Railway on reservations. Time and fire-alarm systems. Water systems. Fire apparatus.

### CEMETERIAL BRANCH

Officer in charge, Captain H. R. Lemly. Supplies in charge of this division are as follows: Coffins, metallic caskets, headstones.

### NAVY DEPARTMENT

#### BUREAU OF ORDNANCE

New Interior Bldg., 15th and F Streets, N. W. Matter of Policy—Rear Admiral Ralph Earle, Chief of Bureau. Requisition for Material for all Yards and

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State, War, and Navy Building  
Admiral Samuel McGowan, Paymaster Gen'l.

**BUREAU OF YARDS and DOCKS**  
Navy-Army, New York Avenue  
Frederick Harris, Chief.

PRUSSIANIZED Germany," the address delivered before the Harrisburg, Pa., Chamber of Commerce, by Otto H. Kahn, the New York Banker, which aroused a great deal of comment in the press at the time of its delivery, has been printed in booklet form, and anyone who desires to obtain a copy may get it free by writing to the Harrisburg Chamber of Commerce and enclosing a postage stamp for mailing. This address of Mr. Kahn's is regarded by many as one of the most significant and patriotic utterances which have come from American business and finance.

### "Our Present and Immediate Task"

(Continued from page 16)

we have found out its worth and made it ours by putting it to use. But we soon realize when thrown into such a struggle as this war how far removed from entire independence we are.

Coffee, rubber, and manganese from Brazil, chrome from South Africa, tea from the Orient, sugar from Cuba, sisal from Mexico, nitrates from Chile, hides and meat from the Argentine, wool from Australia, pyrites from Spain—these are of the raw materials we need and for which the ocean must be kept open, unless our dependent industries are to weaken. Yet it is hardly an overstatement to say that we could live alone with some substitution for a few of these things. For we do not know or have not developed what we have. One illustration will make this clear. We have great use for sulphuric acid and our developed sulphur mines have not furnished a full supply. Certain of our industries largely depend on the sulphur that we can roast out of pyrite ore that comes from Spain. The ships that have carried our wheat abroad have loaded back with Spanish pyrite. But ships, as we have found, are not to be created by rubbing Aladdin's lamp, so our pyrite supply fell short of the demand for the sulphuric acid that cuts the phosphate rock into fertilizer for southern cotton.

### A Man's Job

IN studying a map of southern ore deposits with relation to the placing of a nitrate plant it became evident that pyrite was to be found in a stretch of the mountains running from northern Georgia to central Alabama. And just when this was found there came into the office one of the most forceful of southern manufacturers, who entered with a statement that he was looking for a place—"not under the spotlight, I'm not a prima donna; just a



man's job; something somebody else would shy at."

"Why not find the pyrite ore in your southern hills?" I asked.

"Never heard of the stuff, but if it's there and you say we need it for the war I'll get it."

That was almost literally the conversation that has led to the opening of five mines yielding 400 tons a day, which it is promised before the winter is over will be increased to a thousand tons a day; and 30,000 tons a month is more than 15 good ships could bring from Spain to our coast if kept in a continuous circle.

These straggling incidents will suggest the picture of a people struggling to equip itself for war. I feel no hesitancy in saying that out of the experiences of the Interior Department might be gathered the material that would illustrate the strength and the weakness of democracy making war. For we have the strength that comes from the vital, dynamic force released under free institutions where personal initiative has free play, and we have, too, the weakness that comes from a lack of the realization of the necessity for coordinated purposeful effort.

NOW that our problem is to produce more than ever before, it is clearly to be seen that the physical resources of the United States are to-day almost completely at the command of the world's needs. If, indeed, for the past forty years this Nation had been planning to make war upon its neighbors, and so seize the continent for itself, what more would have been done to make our resources available for such an adventure? This is, perhaps, the hardest test to which the problem of our internal development could be put. Yet the answer must be that very little more could have been done or would have been done by a people necessarily doing so much.

Modern industrialism may be epitomized as power plus iron. We lack neither. It is the unprecedented and the not-to-be-anticipated burden of providing not alone for ourselves, but for nearly all of western Europe and part of Asia and Russia, which makes the great demand. For our own needs we have coal and iron and nearly all the rich line of less common minerals in abundance. It sounds most boastful to say that the most paternal of governments, intent upon a dynastic purpose, would hardly have found ways to supply itself more liberally with the fundamentals of the great war industries than has been effected by the quiet searching and working of this free people. And what is true as to minerals is equally true as to the products of the soil. The large liberty of life and the casting of responsibility upon the individual, allowing personal ambition to be a substitute for direct command, and curiosity to be the spur to knowledge—these have put under crop the greater part of the continent and made this the relief depot of starving nations.

Of one thing, however, we may be sure, that a nation intent upon its own self-sufficiency would not be holding under what is tantamount to Government withdrawal the two newest sources of power—substitutes for that coal which costs the labor of a million men and is the greatest of all the burdens of our railroads—water power and petroleum. It may be expected surely that Congress will release these resources by passing those leasing bills which have so long been pending in both Houses.

#### What Cooperation Means

BUT this war is not to be won by the measuring of resources, for if wars were to be so won China possibly would be our only rival.

The spirit of the people is the making of the Nation, in war as in peace. The extent to which a people can cooperate marks the point of civilization they have reached. Now, the greatest outstanding fact of the past year, as clearly shown in the work of this department alone, is that under the crystallizing influence of a common danger and under the inspiring impulse of a common purpose, Americans are quick to come together. The very rush made upon Washington at the beginning of war by those who wished to help in any form of war work was evidence of the consciousness that life and its conduct were no longer matters of individual concern but preeminently of communal value. Industry itself, which has been thought to have no soul above the selfish acquisition of money, was foremost in its willingness to serve when shown how it could. And whenever men come to perceive something better and bigger than they are themselves, they are in the way of coming into the full light of a new sun, under the influence of which changes that are miraculous take place—in religion they call it regeneration, in industry socialization, the gaining of a new sense, a social as distinguished from a personal sense. It is all a matter of vision, of seeing clearly, clearly enough to convert speculation into conduct.

MEN are already thinking of the greater America that they believe to be coming when the war is done. We are in this war as the trustees of social and political ideals, most of them unformed, even embryonic, and these we hope to realize through the strength of the Nation. Our nationalism, intense, virile, and of the fighting kind, is a part of the machinery through which we are working to make all men our debtors. Our national purpose is to transmute days of dreary work into happier lives—for ourselves first and for all others in their time. This is the large view, the idealistic view, if you please, of America's mission. It is the subconscious philosophy of all our history—our wars, our public-school system, our conservation schemes, our enterprise.

#### The New America

THIS greater America is not to be the filmy product of a nation's fancy, the day dream of amonumental national ego. It is to be as substantial as hard thought and hard work can make it, a thing of good roads, ships, and railroads, well-fertilized farms and well-organized industry, regulated rivers put to use, and schools and schools and schools, and laboratories and more laboratories! War has taught England and France much, one thing perhaps above all others, how all important in this day is the man who has the new kind of *savoir faire*.

If we are to meet the full rivalry of the world, we must rest chance for success upon our ability to produce men who, in character, in trained capacities, and in radioactive imagination will outmatch those whom they are to meet. This new America, as the old, will contribute to the world raw products with most generous hand. But the ultimate resource of the Nation is not that which lies within the ground but that which vibrates in man's brain. Therefore out of the struggle and torture that we shall pass through, and the reverses and triumph that we shall meet, there should evolve the conception of America as the center of the world's thought, an America that will give that leadership and direction to the scientific, literary and social thought of the world that we pride ourselves we have recently given to its political thought.

Our status in this war gives us a place of moral ascendancy from which if we are great

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enough to be humble we can become real masters of men, conquerors of the invisible kingdom of man's mind.

### The Invisible War

(Continued from page 7)

preference to our Allies on all supplies has served a double, and highly strategic purpose. Not only has it given to our Allies a monopoly on the greatest raw material market in the world, but it automatically denies those same supplies to Germany.

When complaint was made by Holland and the Scandinavian countries of impending famine, we investigated. Holland had enough supplies for six months; Scandinavia for a year. All of them had more food than France, our Ally, who was existing on 60 per cent ration, while these countries had a 90 per cent ration. Even England had less food than did these neutrals.

When, in view of these facts, the United States refused export licenses to wheat shipments bound for Holland, forty Dutch ships were held in New York harbor. They remained there, idle for months, in protest against the ruling of the United States, but finally they yielded.

Applications of the export license provision are many. The thing adapts itself to all conditions. Suppose a nation has many ships the use of which would help us wonderfully in this emergency. Japan, for instance, has a line of powerful steamers that are now plying between England and France, simply because Japan had to have steel plate, and made a concession to get it. In like manner, Holland has 600,000 tons of shipping in the service of the Allies.

AMONG the weapons placed in the hands of the War Trade Board none is more deadly than the power to enforce the Trading With the Enemy Act, which became a law October 6. This act provides primarily that no citizen of an enemy country, no enemy owned corporation, no company in which an enemy citizen is a partner, may transact business in the United States; and in addition, that citizens of the United States are forbidden to trade with such an enemy. Also, it prohibits the change in ownership or name of any business operated by an enemy or enemy ally. And the law applies to dealings with the citizens of all the Central powers.

This act is aimed at the whole vast structure of German trade which extends around the world. Germany has been trying desperately to keep that organization intact for use at the end of the war in the work of rehabilitation. The organization has always had a particularly strong foothold in the United States. But the Trading With the Enemy Act wipes it out of existence as a cloth sweeps the dust from a table. And in like manner it has already been destroyed in France and Great Britain. The same thing will doubtless happen in the Latin American countries that are now at war with Germany.

A final blow has been delivered in the President's proclamation of November 30, prohibiting the introduction without a license of certain imports in the United States, such as diamonds, tin, sugar, wool, and the like. We import these things in large quantities; and as our call for import license is backed by the methods of our Allies, we gain a strategic position with regard even to the things which we must get from other countries.

Thus we are stopping the leaks, and completing the work that England was not able to carry out fully. The device lets nothing through without scrutiny.

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**T**HE date of the Sixth Annual Meeting of the Chamber of Commerce of the United States, previously announced for the week of March 18 next, has been changed to Wednesday, Thursday and Friday, April 10, 11 and 12. The National Council of the Chamber will convene on Tuesday, April 9. Both meetings as already stated, will be held in Chicago. This will be the first time that the Annual Meeting has been held outside the city of Washington.



# THREE PRESIDENTS

and the

## Chamber of Commerce of the United States

### WOODROW WILSON

I AM particularly glad to express my admiration for the kind of organization which you have drawn together. \* \* \*

"You cannot perform the functions of this Chamber without drawing in not only a vast number of men, but men and a number of men from every region and section of the country. Its strength must come from the uttermost parts of the land and must be compounded of the brains and comprehensions of every sort.

"It is very instructive and useful for the Government of the United States to have such an organization as you are ready to supply for getting a sort of consensus of opinion which proceeds from no particular quarter and originates with no particular interest."

### WILLIAM H. TAFT

WHAT is the purpose of this organization? It has come at a time when the opportunities for making an organization of this kind seem to be especially useful. \* \* \*

"I speak of a movement for the purpose of showing the power that this national organization has by the referendum to all these organizations to gather from them the best public opinion that there is, in order to influence the legislation of the country so far as it may be properly influenced."

### THEODORE ROOSEVELT

ON MORE than one occasion I have expressed my hearty belief in what the Chamber of Commerce of the United States is doing.

"For co-operation with the Government in fostering, promoting and developing foreign and domestic trade, such a great national organization of business men and commercial associations is invaluable.

"Your referenda are both educative and useful in that they not only focus simultaneously the attention of 400,000 business executives on a national question, but they lay before Congress and the authorities in Washington the opinion of American Business in regard to national problems affecting industry and commerce."

*Splendid evidence of the willingness of the Government to cooperate with Business! Are you willing to cooperate to a like extent with the Government? If so, write for particulars to the*

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CHAMBER OF COMMERCE OF THE U. S. A.  
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## Somewhere in America

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It has built complete telephone systems for fifteen National Army cantonments and fifteen National Guard camps, each a city in size, and also at many naval, officer's reserve, mobilization and embarkation camps and at army and navy stations.

It has provided an enormous increase in long distance facilities throughout the country, that satisfactory service may be maintained between cantonments, training camps, guard outposts, military supply stations, war industries, the National Capital and other centers of Government activity.

The Government facilities at the National Capital have already been increased three-fold and there has been a tremendous increase in local and toll facilities.

Fifteen thousand miles of telephone wire have been taken from other use for the exclusive service of the Government and some 20,000 miles of telegraph facilities also provided.

Meanwhile the Bell System has given generously of its man power, until over seven thousand men are in service or recruited for military duty.

Members of the Bell System whether they have already gone to France or whether they have stayed at their posts to help mobilize the country for victory, are equally in the service of the Nation.



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## The Skeleton in Our Foreign Trade Closet

(Continued from page 12)

favor combinations. It also sought diligently to obtain the views of classes or individuals who might be opposed to combinations for export trade, because it wished to have all sides of the matter adequately represented.

Replies were received from a total of 9628 persons, of whom 7463 were unqualifiedly in

favor of export combinations and 261 in favor of combinations under certain restraints. Thus 87 per cent were in favor of cooperation in export trade. Practically the same proportion thought that such combinations were in the public interest.

With the growing importance of our export business, it is imperative for our legislators to guard American business men from unfair methods of competition which might be indulged in by large aggregations of capital in the export trade.

The Sherman Law prohibits offenses against

"trade or commerce among the several states or with foreign nations", and permits the forfeiture to the United States of any property owned by parties violating sections 1 and 2 of the Act which is "in the course of transportation from one state to another, or to a foreign nation." It cannot be said, however, that Congress intended by its reference to foreign nations to give the statute extra-territorial effect. It merely extended the prohibitions of the law to corporations engaged in foreign commerce.

Voluntary restraints of foreign trade by Americans are, it is true, so far as jurisdiction is concerned, within the Act. But it is clear that a group of Americans who might organize a corporation in England, with offices, let us say, at London, for the purpose of exporting goods to South America, would not come within the prohibitions of the Sherman Act. It is also established by court decisions that an unfair act of competition—an involuntary restraint of trade by one competitor against another—committed in a foreign country not affecting directly domestic or import trade, is not a violation of the Sherman Law.

While a conspiracy or act done abroad which takes effect in this country and while a restraint of the import trade of the United States may be illegal, the United States Supreme Court has held that it is not an offense under the Sherman Law for one American business man to commit unfair acts of competition against another in a foreign country so long as these acts do not restrain trade within the United States or affect the import trade of the United States.

If our legislators are to permit cooperation in foreign trade and continue the policy of permitting business men to choose their own associates, they must at the same time guarantee to those business men outside of any association the free and unhampered right to enter export trade and engage in it unobstructed by any unfair methods of competition on the part of export associations. Our law prohibiting unfair competition should be made to include acts done by one American against another in foreign countries. This is demanded by the traditional American public policy which requires fairness in all trade relations.

The reasonableness of contracts and associations in export trade must, it should be emphasized in conclusion, be determined with reference to the circumstances in that trade. It cannot be claimed that an association is unreasonable whose object is to secure the American exporter a position of equality in foreign markets. The nature of competition abroad must always be kept in mind. Foreign cartels and syndicates have been effective in getting foreign business. The Sherman Law was not designed to protect these foreign interests from effective American competition or to be an obstacle in the way of the development of American export trade.

The voluntary elimination of competition among American competitors in marketing their goods abroad is simply a method of placing our business men on an equality with their foreign rivals. It gives them no power to dominate foreign markets or to oppress foreign peoples. It enables them to direct the effectiveness of American competition and instead of restraining trade is frequently a condition precedent to any trade at all.

Editor's Note—This is the second of a series of four articles by Mr. Culbertson dealing with the needs and importance of our foreign trade. The third will show how the Webb-Pomeroy Bill would clarify the situation by removing questions of illegality of export cooperation. It will appear in the February issue.



# Cut to A Minimum Your Non-Productive Expense



**I**N all these departments—pay-roll, bookkeeping, order, advertising, and the rest of them—month in and month out you have names to be written by hand.

On payroll work long hours are put in writing names, amounts and numbers on payroll forms and pay envelopes. In the bookkeeping department there is the big job of heading up statements each month. In the mailing department there is the constant addressing of stacks of direct mail advertising, bills, and so on.

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### The Farmer, Consolidating Positions

(Continued from page 23)

is apparently still in the indefinite future.

With all the general abundance of feed for animals, it is yet short and high priced in some sections, especially in much of the Southwest, in parts of Oklahoma, in western and southern Texas, in eastern New Mexico, also in the Northwest, in western North Dakota, in Montana, where for many weary weeks and sometimes months there was only heat and drought. This condition still prevails in the greater part of western Texas and eastern New Mexico. In the great grazing ranges in these two latter states the cattle have suffered severely and the losses have been heavy.

Elsewhere in general, save in western Kansas, the story is of cattle upon a thousand hills with a slow but steady increase in numbers, despite the temptation, not always resisted by the farmer, of selling off his livestock because of abnormally high prices. One encouraging feature is the general story, save in some of the dry-farming regions of the Great Plains States, of the increase in number of sheep. In the present drought in west Texas and eastern New Mexico they seem to get by where cattle starve, apparently because of their omnivorous and indiscriminating appetite.

Further east, and extending southward they are becoming a necessary and important adjunct of farm life, and it is here that we must look for their greatest increase in the future, since their grazing ranges in the West are being more and more restricted by the invasion of dry-farming. They are being raised not only for wool, but for mutton, and this fact may help to solve the high-price-of-beef problem.

Despite the high prices which have lured farmers to sell off their hogs too close, there seems good reason to believe that the coming crop of pigs is going to increase the census

returns of the swine in this country in the near future. There can be no certain pronouncement on this subject, because it is unfortunately true that all estimates as to the number of livestock in the country are but estimates after all, and, from the nature of the case, cannot safely be reckoned upon as sure foundations for any conclusions.

It is significant, however, that the reports, whether they come from the North or the South, or East or West, all tell the story of the condition of hogs as being "Good," with an abundance of feed, and an increasing and sinister interest on the part of man in their great powers of reproduction. Especially is there noted how the sanitary and preventive methods taught by the Federal Department of Agriculture and the State Agricultural Colleges have almost wiped out hog cholera, that terrible scourge, which at one time took an annual toll of ten per cent of the herds.

THE increase in hogs of high pedigree is especially noted in the Southern states, and is significant of the passing of the Razor Back type who roamed the woods, feeding on "mast" and rattlesnakes, and who will soon be reckoned with the extinct Dodo and the vegetable eating Dinosaur.

It is a far cry from Florida northeastward to Portland, Maine, and northwestward to Portland, Oregon, and yet everywhere in that great triangle comes the story of the steady increase in the dairy industry, despite the short-sighted folly or necessity which in scattered instances sent dairy cows to the butcher's block, because the price of beef seemed higher in proportion than the price of milk.

Especially in the South is "Sis Cow" of Uncle Remus' tales a familiar figure, where once "Goshen" butter in wooden kegs, and condensed milk in cans, all brought from the

North, were the acme of luxury on meatless and wheatless days. While in far away Wisconsin the dairy products total annually over \$100,000,000, because of the impulse given to this industry by the great State University in Madison, which crowns the heights above Lake Mendota.

There is another source of food—the poultry industry—which keeps pace in growth with the population, and which seems especially to be growing in the central West and Southwest. It is so in Iowa, in Illinois, in Indiana, in Arkansas, and it is always so in Missouri, which like another Abu Ben Adhem leads all the rest. It is especially true as to chickens, which seem easier and more economical to raise than ducks, geese, or the temperamental turkey. Moreover, the industry seems to flourish better as a by-product than as a specialized pursuit. Probably because the chicken, being a bird, needs lots of space to roam in, and does better when left to rustle for itself, save in the dead of winter. The backbone of the industry seems to be the farmer's wife, especially the one who in Mother Goose

Goes every day  
To see what her black  
Hen doth lay.

Lumbering and coal mining have come into their own, being most busy, and would be more so could they only get more cars and more workmen. The scarcity of labor is everywhere most marked, on the farms as well as in the industrial centers, and promises to be more so with the calling of the next draft. Meanwhile women are assuming men's places in occupations which only a short time ago were supposed to be man's special prerogatives. The "weaker vessels" seem to be getting by in their new jobs with an efficiency and faithful performance of their duty, which comes as a great surprise to that decreasing contingent, who still have the Cave Man's estimate of the better half of humanity.

MINING of all kinds is well employed. Some building stone and marble quarries feel the effect of the general decline in all building, promotion and development enterprises. The things most troubling manufacturing are delays and difficulties in getting coal, also some supplies and materials, and the delays in transportation, which are seriously affecting all phases of business, but which are accepted cheerfully as being inevitable and in many cases are recognized as due to the subordination of business interests to the public welfare.

The oil industry is especially flourishing because of the great demand and most remunerative prices. In the Southeastern Kansas fields, where there is still much drilling and development work, it offers the exciting chance of a gamble with fate, with the chances of about fifty-fifty either way. In the Miami district of Northwestern Oklahoma, not far from the oil fields, there is another boom territory, where probably the richest zinc and lead mines in the world have been only comparatively recently developed. The only fly in their ointment seems to be the overtaking of demand by production.

After many delays shipbuilding on both Atlantic and Pacific Coasts is well under way, and the solution of sea transportation is consequently nearer.

The growing crop of winter wheat has an acreage of about 7½ per cent greater than last year, and with generally good prospects on the whole, though varying much according to local conditions. In Kansas, Oklahoma and Texas it suffered much from prolonged dry weather, but recent snows and rains have greatly improved the situation. In general it goes into



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"It seems to me that this lead is worth following up all over the country, for the same extravagance and waste are seen everywhere."



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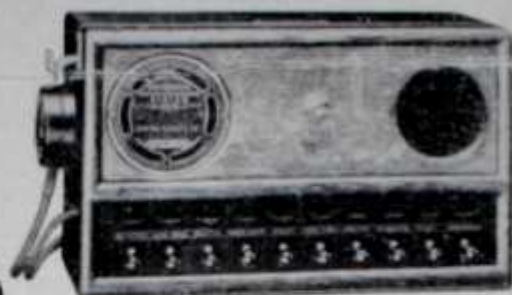
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State age, experience and special qualifications, and give references in first letter. Details concerning position furnished on request. Address:

O. P. CLARK, City Clerk,  
Boulder, Colorado

### Hoover and the Wheat Crop (Concluded from page 19)

chant of Milwaukee; Norman Bridge, an oil producer in California; E. W. Decker, a banker in Minneapolis; Henry W. Farum, professor of political economy at Yale; David Kinley, vice president of the University of Illinois; Herbert Myrick an

agricultural editor in Massachusetts; Charles Nagle, of St. Louis, a former member of the Cabinet; Robert J. Thorne, a merchant in Chicago, and J. N. Wallace, a banker in New York, after studying the problem of prices, stated that business men everywhere held sincerely and vigorously to the principle that "a few should not be permitted to profit greatly by the war at the expense of the many."

"But," as the committee states, "the prices the public will pay for many articles which have importance in basic industries as well as in war, and which enter into the necessities of everyday life, cannot be controlled under existing legislation."

Hoover will try his plan of holding greedy dealers in check through the manufacturers, packers, canners, millers and wholesalers, from whom the stocks of the dealers are purchased. At best, his attempt can be no more than an experiment.

The committee of business men, however, want a law on the subject. England, they say, was eventually compelled to control prices. France, after loss and hardship, was driven to the same action. Germany, always efficient, began the regulation of prices at the beginning of the war.

The remedy for America's present confusion and the means for its protection, the committee believes, is a small price-fixing board to be appointed by the President. This board could deal with steel and wheat, as well as with leather and meat and with ammunition and potatoes.

### Lloyd George Defines War Measures

THE British Premier, speaking at Dundee, on June 30, made the following plain state-

ment of what he regards as essential war measures:

"But the country is entitled to ask from the Government \* \* \* three things: That its commands and restrictions and limitations shall have a genuine war purpose; that they shall not be imposed merely for ulterior purposes associated with some theory or conception of the way in which the world ought to be run under normal conditions; and that the measures must be war measures, and in war measures I include demobilization after the war, because I consider that an essential part of the war purpose. I will give you an illustration. We have practically stopped house-building. Now, there is no man in this country who thinks that housebuilding is a bad thing in itself. I have heard of many associations for all kinds of impossible purposes, but I never heard of an association to stop house-building. Therefore, I take it that here is something that everybody agrees is in itself a beneficial object. We have had to stop it. Why? It takes too much labor. It takes material which is essential for war purposes. Therefore, to stop it is an essential war measure. I apply the same principle to every restriction which is introduced. Take horseracing: there are people, I believe, who disapprove of horseracing. I neither approve nor disapprove. I have absolutely no views on the subject, but the question whether it is good or bad in itself has nothing to do with the action of the Government. It is entirely a question of the extent to which you can permit it without interfering with the war work and war activity of the country. Anything beyond that is irritating and mischievous. Anything short of that is not adequate to the needs of the case. The one test is,—Is it necessary as a war measure?"



## Electricity has leveled out the Continental Divide

### Notable G-E Steam Road Electrifications

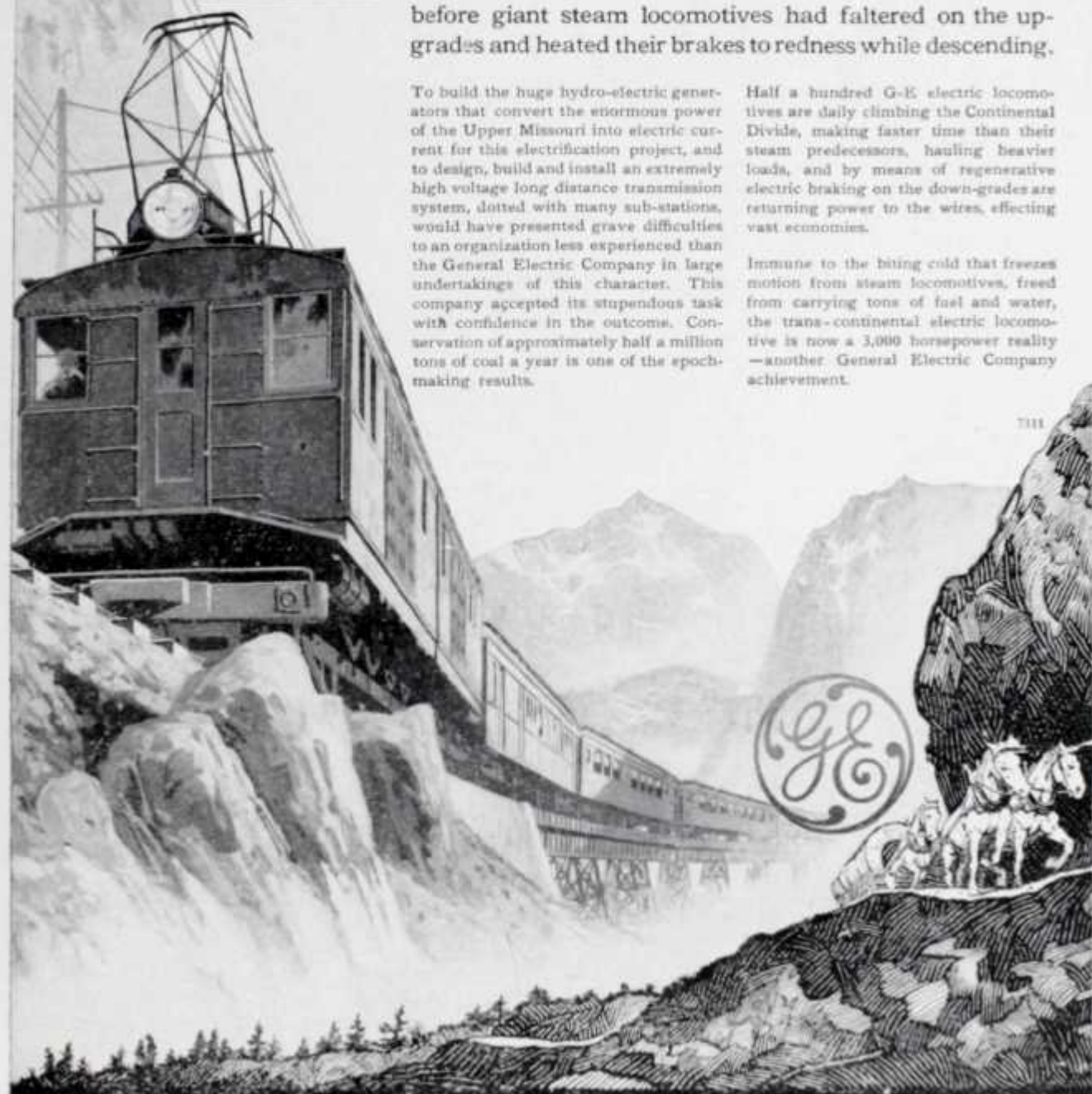
1898—Baltimore & Ohio  
1904—New York Central  
1908—Great Northern  
1909—Great Northern  
1910—Chicago & North  
1911—Southern Pacific  
1912—Rocky Mountain  
1913—Chicago, Milwaukee  
1917—Chicago, Milwaukee  
1917—Chicago, Milwaukee

**H**IGH among the bald peaks of the Montana Rockies, 5,000 feet above the sea, the high-speed, smokeless passenger trains and record-tonnage freight trains of the Chicago, Milwaukee & St. Paul wind their way up and over the Continental Divide, under Electric Power. These trains cross four hundred miles of the same mountain ranges that years before meant weeks of perilous travel to horseman or prairie schooner; over the same tracks where a few months before giant steam locomotives had faltered on the up-grades and heated their brakes to redness while descending.

To build the huge hydro-electric generators that convert the enormous power of the Upper Missouri into electric current for this electrification project, and to design, build and install an extremely high voltage long distance transmission system, dotted with many sub-stations, would have presented grave difficulties to an organization less experienced than the General Electric Company in large undertakings of this character. This company accepted its stupendous task with confidence in the outcome. Conservation of approximately half a million tons of coal a year is one of the epoch-making results.

Half a hundred G-E electric locomotives are daily climbing the Continental Divide, making faster time than their steam predecessors, hauling heavier loads, and by means of regenerative electric braking on the down-grades are returning power to the wires, effecting vast economies.

Immune to the biting cold that freezes motion from steam locomotives, freed from carrying tons of fuel and water, the trans-continental electric locomotive is now a 3,000 horsepower reality—another General Electric Company achievement.



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Knowing from actual experience what is DESIRED and how to build it, we designed this real Scout-Light, a light that bores a hole in the dark and meets your greatest expectations.

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## Would You Throw Away Gold?

Americans Commit a Greater Folly in the Wastage of Coal—Our Most Valuable Industrial Resource

COAL is our commonest and most valuable and most wastefully used industrial resource. It is most valuable because it gives greater worth to all other resources, by enabling us to utilize them to our comfort. We can get along without gold and silver, but we don't waste them. We can't very well get along without coal, and we do waste it.

The Committee on Coal Conservation of the National Chamber of Commerce calls the attention of coal users once more to the fact that the demand is unprecedented. The mines are producing more coal than they ever before shipped, and the railways are hauling a larger number of cars than they handled in any previous year. Industrial activity of kinds to which coal is essential has reached a height we have never previously known.

All of this activity which relates directly to war will receive the coal which it needs. There is no room to doubt that. The Fuel Administrator declares he is determined that, for war purposes, public utilities, and domestic use, there will be available sufficient coal. The real question arises in connection with the requirements of industries which are not directly related to war.

LAST year the United States broke all records, by producing and using 500,000,000 tons of bituminous coal. In the twelve months ending with December, 1917, it will produce probably 550,000,000 tons. The Fuel Administrator estimates that the present demand is at the rate of 600,000,000 tons a year. This estimate is based upon a demand from munitions plants that is greater by a third to a half than a year ago, an increase in the Government's requirements from two million to eight million tons a year, and demands of public utility plants that have risen by a third.

The difference of 50,000,000 tons between the estimated supply and demand will have to be made up by enlarging production, facilitating transportation and stopping the waste. The most patriotic thing to do, and probably the only thing which will avail much, seeing that the railroads have apparently about

reached the limit of their capacity, is to stop the waste.

For the calendar year of 1915 the Geological Survey gathered data which indicates roughly the relative importance of the ways in which bituminous coal is used. The percentages of the total consumption in 1915 were as follows:

Industrial Steam Trade	33%
Railroad Fuel	28%
Domestic and Small Steam Trade	16%
Manufacture of Beehive Coke	9%
Manufacture of By-Product Coke	4%
Exports	4%
Steamship Bunkers at Tidewater	2%
Used at Mines for Steam and Heat	2%
Manufacture of Coal Gas	1%

STATISTICS by manufactures were compiled by the Bureau of the Census for 1914. Bituminous coal was then, according to these figures used most largely in the manufacture of the following articles (the figures represent net tons):

Coke	50,457,000
Steel Works and Rolling Mills	20,343,000
Brick, Tile and Other Clay Products	8,566,000
Cement	6,731,000
Chemicals	2,667,000
Glass	2,252,000
Petroleum Refining	2,045,000
Blast-Furnace	1,892,000
Flour Mill and Grist Mill Products	1,809,000
Woolen and Worsted Goods	1,544,000
Oil, Cottonseed and Cake	1,232,000
Leather, Tanned, Curried and Finished	1,124,000
Zinc Smelting and Refining	1,066,000
Rubber Goods	919,000
Paper and Wood Pulp	6,268,000
Gas, Illuminating and Heating	6,078,000
Car and General Shop Construction and Repair by Steam Railways	5,486,000
Distilled Liquors	909,000
Dyeing and Finishing Textiles	896,000
Lumber and Timber products	885,000
Sugar Refining	875,000
Copper Smelting and Refining	812,000
Electrical Machinery, Apparatus, etc.	769,000
Furniture	751,000
Salt	714,000
Steam-Railway Cars, Private Builders	698,000

Beet Sugar	682,000
Cotton Goods	3,579,000
Ice, Manufactured	3,386,000
Foundry and Machine shop Products	2,913,000
Slaughtering and Meat Packing	2,786,000
Malt Liquors	2,749,000
Lime	677,000
Paving Materials	665,000
Glucose and Starch	648,000
Pottery	577,000
Agricultural Implements	555,000
Wire	523,000
Soap	515,000
Marble and Stone Work	485,000
Hosiery and Knit Goods	484,000
Automobiles	464,000
Planing-Mill Products, not Including of Mills Connected With Saw Mills	457,000
Fertilizers	433,000

COAL is produced in thirty states. The relative importance of these states was expressed by the Geological Survey in percentage of all coal produced (bituminous and anthracite) as follows for 1915:

Pennsylvania	6%
Anthracite	16.8%
Bituminous	29.7%
West Virginia	14.5%
Illinois	11.1%
Ohio	4.2%
Kentucky	4.0%
Indiana	3.2%
Alabama	2.8%
Colorado	1.6%
Virginia	1.5%
Maryland	.8%
Oklahoma	.8%
Missouri	.8%
New Mexico	.7%
Utah	.6%
Washington	.6%
Montana	.5%
Texas	.4%
Arkansas	.3%
Michigan	.2%
Iowa	.1.4%
Kansas	1.3%
Wyoming	1.2%
Tennessee	1.2%
North Dakota	1%
Georgia, Oregon, California, Idaho, Nevada, South Dakota	.1%

The United States produces more coal than any other country. The latest statistics available with a degree of completeness are for 1914. In that year, in a world production in the neighborhood of 1,345,000,000 net tons, the United States contributed 38 per cent, Great Britain 22 per cent, and Germany 20 per cent.

In 1913, for which estimates are more complete, the production of all kinds of coal by the more important countries was approximately as follows:

	Net Tons
United States	569,000,000
Great Britain	321,000,000
Germany	305,000,000
Austria-Hungary	59,000,000
France	45,000,000
Russia	35,000,000
Belgium	25,000,000
Japan	23,000,000

These statistics have been reproduced by the National Chamber's Committee in order that users of coal may be reminded of the sources of coal, the transportation problems involved in distributing it, the importance it has to our industrial activities, and the premier place the United States occupies among coal-producing countries,—the countries that are also first in industrial enterprise.

These considerations bear upon our immediate task—decrease of waste in utilization. Every effort made now toward increasing the efficiency with which coal is utilized adds to our power in war and makes the less necessary any curtailment in the coal supply of any industry.

## Four Sides of the Trade Acceptance

(Continued from page 23)

system; but there is a tendency to lessen the bad debt account through the use of trade acceptance.

How often am I called on the 'phone by



some competitive credit man,—the credit man for a competitive house, who says, "How is so and so's account to-day with you?"—"Well, he only owes us the current month's indebtedness. The balance of the account ran off the tenth of the month and it was paid."—"I don't understand. Why, he owes us six thousand dollars, and to-day he has given us one thousand dollars on account and promises to pay the balance at a future date, as soon as he can get the money together."

Well, the explanation is that we had our trade acceptance and it was met when it was due. In the fifteen months operation of the trade acceptance in our concern, we have only had one or two that have not been met, and there has been a reasonable explanation for those two.

THE seller's own capital is released for the use of the upbuilding of his business in other legitimate ways. The acceptance defines the maturity date of his accounts and enables the seller to better calculate on his own requirements in the payment of his own purchase bills. He strengthens his financial statement by showing the character of his accounts. He has the privilege of going into the open market with his acceptance. He inoffensively assists the buyer to complete his contract in the manner that he intended to complete it. He can facilitate his customers in the extension of credit and deliveries, in a way that is not always possible under an open account system. From a bookkeeping standpoint, his ledgers rarely exhibit an individual account with more than a current month's charges unbalanced, and that is a very great comfort to the bookkeeper and the credit man, to see these accounts balance month after month.

#### For the Retail Merchant

George Woodruff, First National Bank,  
Joliet, Ill.

DURING these times of tremendous national endeavors when we are making over on more efficient lines so many of our time-honored institutions, it is not surprising that our outgrown and wasteful system of open book accounts should come in for the criticism which it so justly deserves. As a result of this criticism government officials, bankers, manufacturers, jobbers and wholesalers generally are coming to the support of the trade acceptance as the logical successor of the open book account. The retail merchant, however, is holding back; and he seems slow to understand the advantages of this improved credit system. His conservatism is doubtless due to the fact that he has been thinking of trade acceptances from the standpoint of the wholesaler rather than from his own standpoint.

As a matter of fact no one class of business men will profit more from the trade acceptance system than the retail merchant, for the reason that no other class is more often taken advantage of by those who purchase goods on credit.

Bankers have long been familiar with the complaint of the merchant that he is compelled to sell on credit and that the thirty days credit which he grants is usually strung out to ninety days, four months or longer, and that this carelessness about paying up leads to collection costs, litigation and bad debts, and to loss of interest on the money tied up. Then, too, what merchant hasn't complained at various times because his banker insists on living up to the "2 for 1 rule," and declines to lend the merchant more than 50% of the accounts receivable shown on his statement. And how often has the average merchant, especially

in small towns, been hampered by the "10% rule" under which, regardless of the security offered, he cannot borrow an amount in excess of 10% of the capital and surplus of the bank.

And to these woes of the average retail merchant there is usually added the competition of the mail order houses who get their pay in advance and do not grant any credit at all.

When the retail merchants of America realize that all of these troubles can be largely abolished by the adoption of the trade acceptance they will undoubtedly rally to the support of this system.

The adoption of the Trade Acceptance by a merchant merely means that he will send a letter to his customers at the end of the month when he sends out the invoices for the past month's accounts, and that he will attach to each of these invoices a Trade Acceptance

properly filled out. In the letter he will call attention to the desire of the Treasury Department and the Federal Reserve Board to have the credit position of America in the most liquid possible condition as a basis for the successful financing of this great war; and will call attention to the desirability of having those credit instruments called trade acceptances take the place of the old-fashioned open book accounts, which are unavailable as a convenient basis for loans. He will say in his letter that each customer is urged to do his part in relieving unnecessary strain on the country's financial resources by sending a check in payment of his account promptly at the end of each month; but that when circumstances make an extension of credit necessary, then the customer will "accept" the trade acceptance attached herewith to



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¶ Producing White Metal Alloys such as Solder, Babbitts, Type Metals, Die Cast Metals, etc. is not so much a question of brains as of will, the desire to produce quality.

¶ All the elements of good Alloys are well known to all makers, but brains are frequently used to evade these and at the same time retain the appearance of quality.

¶ There is just one thing the average buyer can know for sure about Alloys, and that is the reputation of the maker.

¶ We produce only quality products; our reputation has been built upon this and their increasing use is simply a matter of increasing confidence based upon past performance—service.

**Marks Lissberger & Son, Inc.**  
LONG ISLAND CITY N. Y.

his invoice, and return it as evidence of the fact that he wishes to take advantage of the credit terms stated therein.

If the customer thus has to sign either a trade acceptance or a check he will often times sign a check; while under the old system he would just let the account "run awhile" as a matter of habit. If he returns a check,

then the merchant charges the account off of his bills receivable ledger, marking the account "Paid by Check." If, on the other hand, the customer returns the Trade Acceptance, then the merchant makes a similar charge, marking the account "Paid by trade acceptance."

In this way each account is settled up and taken off the books every month; and thus the bothersome account of long standing with its many entries representing purchases and its many payments of odd amounts "on account" will be done away with.

WHEN these trade acceptances are received the merchant can take them to his bank and discount them for approximately 100% of their face value instead of 50%, as with the open book accounts. And the "10% rule" does not apply to them unless trade acceptances for an amount larger than 10% of the capital and surplus of the bank have been accepted by some one customer, in which case the "10% rule" would apply to the acceptance of this one customer only. Furthermore, the rate of interest will often be somewhat lower than the rate on the old-fashioned single name note because the bank can turn the acceptance over to the Federal Reserve Bank at a preferential rate, and thus make a good profit for the bank as well as save money for the merchant by the lower rate granted him.

ALL of the conveniences of the open account can be retained, such for instance as the right to make partial payments, which can be arranged with the bank; and if the customer is not able to meet the trade acceptance when it becomes due, and the merchant wishes to help him out he can do so by having the customer sign a promissory note with interest. In this manner the merchant grants his customer the favor of an extension but without the loss of interest that occurs under the old system. Trade Acceptances are never given for renewals or old accounts; these should always be settled with notes drawing interest.

Trade Acceptances make it necessary for customers to pay up within a reasonable time after the goods are bought. Thus the merchant does not continue to carry the old long

drawn out account which formerly made it possible for his customers to buy of him "on tick," and at the same time use their ready money to buy of the mail order houses. The merchant complains about mail order competition; but in a majority of cases he himself is financing these very mail order purchases through the old-fashioned trouble producing open book account.

The time has come for merchants in each community in our country to get together and agree to adopt the trade acceptance as the universal business custom for all. Self-interest compels it, efficient business methods necessitate it, and patriotism demands it.

#### Speaking for the Buyer

E. F. DuBrul, Manufacturer, of Cincinnati

THE advantage offered by the trade acceptance to the buyer has never, to my mind, been adequately presented. There is a tendency to think of that as the weak end of the question.

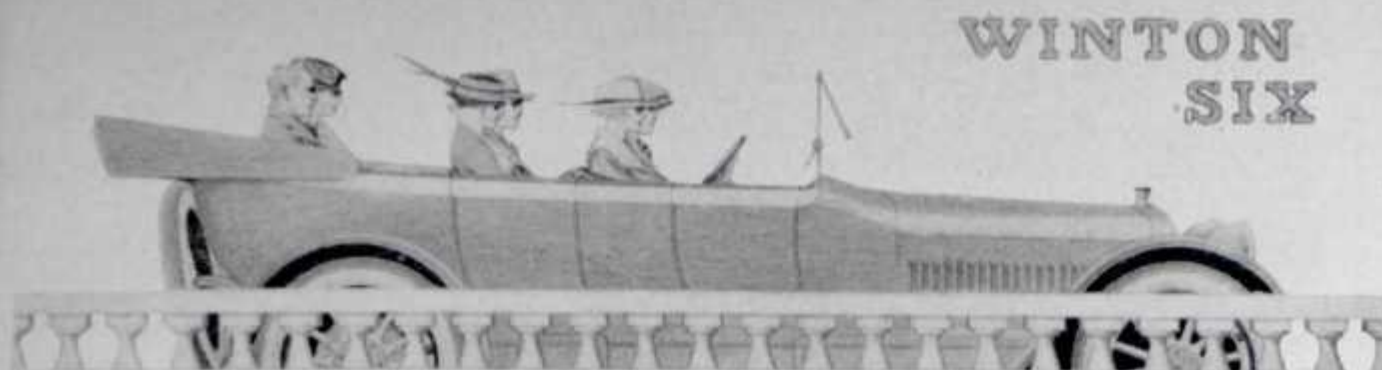
In the first place, except for absolute ultimate consumption, why does any man buy goods? He buys them to resell them. His function as a merchant is two-fold, and when he is considering the trade acceptance question, he is inclined to look at it entirely from the seller's point of view; and to stress the seller's point of view. The man who is perfectly willing to take acceptances as a seller thinks that he ought not to give them as a buyer, because he is going to give up some sort of an advantage which he has,—and he has an advantage now.

Why does a business man borrow money? He borrows money to buy goods. It is from his buying function,—from the buying side of his business that the pressure for money comes to him—that he has to borrow, and I think that is a point that should be stressed. As a borrower of money and as a purchaser he is purchasing money, or credit somewhere, either from his bank, or from his supplier. On open account he is not only purchasing the goods, but he is purchasing the credit from the supplier.

NOW let us see where the acceptance helps him. I think that in the great desire to do business in this country on a cash basis,—we always talk about the cash customer as the preferred customer,—we have stressed the cash end of these transactions, forgetting that credit must inevitably enter into the process of production and distribution from one end to the other. There are lapses, you might say, in the process—that if a house has so much cash on hand that they never have to borrow money, there are times when that cash is lying idle, unless, of course, they go and lend it to somebody else. We have stressed the cash idea too much, and we have forgotten the credit idea.

It is said that England does four or five times as much business with the same capital as the United States does. If all other conditions are equal it is evident that the English know how to use credit better than we do. Now, why have we gone after cash so strongly? Simply because the cash idea is the remnant,—the dead remnant of the Civil War period, when cash was the absolute necessity. It is the remains of the time when the cash discount was large, and interest rates were high, and the cash discount had to be higher in order to spur the buyer into paying cash. Except as to gathering credit information and exercising better and better judgment in the use of that information, we have failed up to this time, in not using credit instruments—not knowing them. Our whole banking system





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*Treasured sentiments and memories clustered about the old home,  
and yet—*

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MANAGING DIRECTOR

prevented us from having the proper kind of credit instruments, and we have been working with our good right arm bound up to us, trying to fight the battle with our left, when we might be using both.

### Buyers Are Suspicious

THE buyers seem to think that when you talk Trade Acceptance you have some kind of a skin game you are trying to work on them. Now there is such a thing, and especially in a market like this, as what I may call buymanship. And right now buymanship is much more important than salesmanship, because it is a seller's market. If a buyer of goods is in a good financial state, with a credit instrument, he can demand the same kind of consideration that the cash buyer can get, but

he has to give an equivalent in a good credit instrument. Now is not a house that is using legitimate credit, legitimately, a better business house than one who is letting a lot of capital lie idle because they are afraid to use credit? Does not credit itself multiply the efficiency of actual physical capital?

I don't remember reading a single thing in this acceptance discussion, where the idea was advanced that expansion of credit is a good thing.

### What Will It Do to Credit?

WE are always hearing the question in the discussions, "Aren't you afraid this is going to expand credit?" Why, it ought to expand credit. That is just exactly what it ought to do—not unduly, of course, but it ought to expand credit transactions in this country, and we won't reach our fullest possible efficiency either as individuals or as a nation, until we do expand credit a whole lot more than the open account cash buying system has enabled people to expand. We will assume a man who is a perfectly good business man—careful, competent, knows how to run his business—knows how to handle his credit. He knows what his bank limit is. He does not want to exceed it. He always tries and succeeds in having funds ready when his bills mature, and he sees an opportunity to extend his business. We will say he has a chance to take a war contract. Well, suppose that contract has brought him up to his limit, as to carrying his labor and his overhead, and so on, until those goods are produced, and until he can realize either in an acceptance from his customer or in cash.

But he has not enough money to buy materials. Now if he can give the seller a trade acceptance on a fair basis, he can go ahead and complete that contract. Is that an over-expansion of this man's credit line? Not at all—because the seller gets his trade acceptance, and he can use it immediately in any way that seems good to him. If this buyer were strictly held to a cash basis, he would have to pass up that contract and the profit.

Again, the giving of a trade acceptance is going to do more for the small buyer than anything else can do, because it is going to enable him to operate in competition with the bigger concern. Here is an illustration. We will suppose that a jobber of limited capital, but careful, and on his job,—has an opportunity to buy a lot of goods for five thousand dollars. He knows where he can sell them for six. We will assume to strip it down to essentials that he can buy on ninety days time and he will have to sell on ninety days time, but there is a little gap of time between when he has to pay for the goods, and when he will get the money, because of the shipment and the handling of the order, etc.

Now he is up to his limit, we will say. Can he handle that transaction on open account? No sir. Because his bank cannot lend him

five thousand dollars on the additional six thousand dollars' worth of receivables. The bank will lend him only three thousand dollars on the two-for-one rule, and then the bank will expect a percentage to remain as a deposit, say twenty per cent. Well, you split his six thousand dollars in two immediately. That is, three thousand for the loan, and then if he has to hold the twenty per cent of that in his deposit, you cut him down to twenty-four hundred dollars to buy five thousand dollars' worth of goods with. It can't be done.

The other fellow, the man who is selling the goods, wants his cash. Now see how easily a transaction of that sort is facilitated by the acceptance. This man who knows where the goods are, and knows where he can sell them gives his acceptance when he buys the goods for five thousand dollars. If the seller's banker does not want to cash that acceptance, the jobber's bank will cash it for him, and give him his money, and let him do what he wants with it. The jobber takes the last buyer's acceptance for six thousand dollars.

He turns that into his own bank. He cashes his profit. Everybody is satisfied, and he can immediately go to work on a new deal. He has not needed a dollar in money. What has he done? He has lent his credit to the first seller, backed up with the assurance of his banker that the banker would buy that acceptance from the man who sold him the goods and he has borrowed the final buyer's credit in making this transaction. There has not been any actual money needed to finance that. It has been credit all the way through, and the thing liquidates itself with the payment of the final buyer's acceptance. A buyer in buying goods on the open account system is paying for the inefficiency of that system. He has got to pay or the seller cannot stay in business. If the seller is borrowing money to buy goods with to turn them over to another man when he sells \$10,000 worth of goods, he can borrow only \$5,000 on that account.

THE statement is made that about 95% of the business houses established in this country fail, and the most frequent excuse is lack of capital. But when that is stripped down, there is lack of ability too, and there is lack of commercial education, which we lack tremendously in this country as compared with the commercial countries of Europe or even South America—scientific commercial education. We have not had it. Where capital might be adequate if properly used, as it can be used with good credit instruments, it may be totally inadequate and I have no doubt is inadequate under the open account system, this inadequacy causes many and many a failure that we would not have if capital were better employed and were not so locked up.

### Webb-Pomerene Bill

THE Webb-Pomerene Bill is to govern our export trade. It passed the Senate on December 12 by a vote of 51 to 11.

This vote may be significant of the interest of the Senate in policies which will affect our position in international trade after the war. In this connection, it is to be recalled that the House twice voted by very large majorities in favor of the bill. In June of this year the vote was 241 to 29. The Webb-Pomerene bill expressly tells American business concerns that they may cooperate in promoting their export trade, upon several conditions. In the first place, the cooperation is not to affect prices in the United States. Moreover, any cooperation under the bill is to be under the close supervision of the Federal Trade Commission, which can issue orders against any acts unfair as to other American exporters,





## Packing A Nation's Products

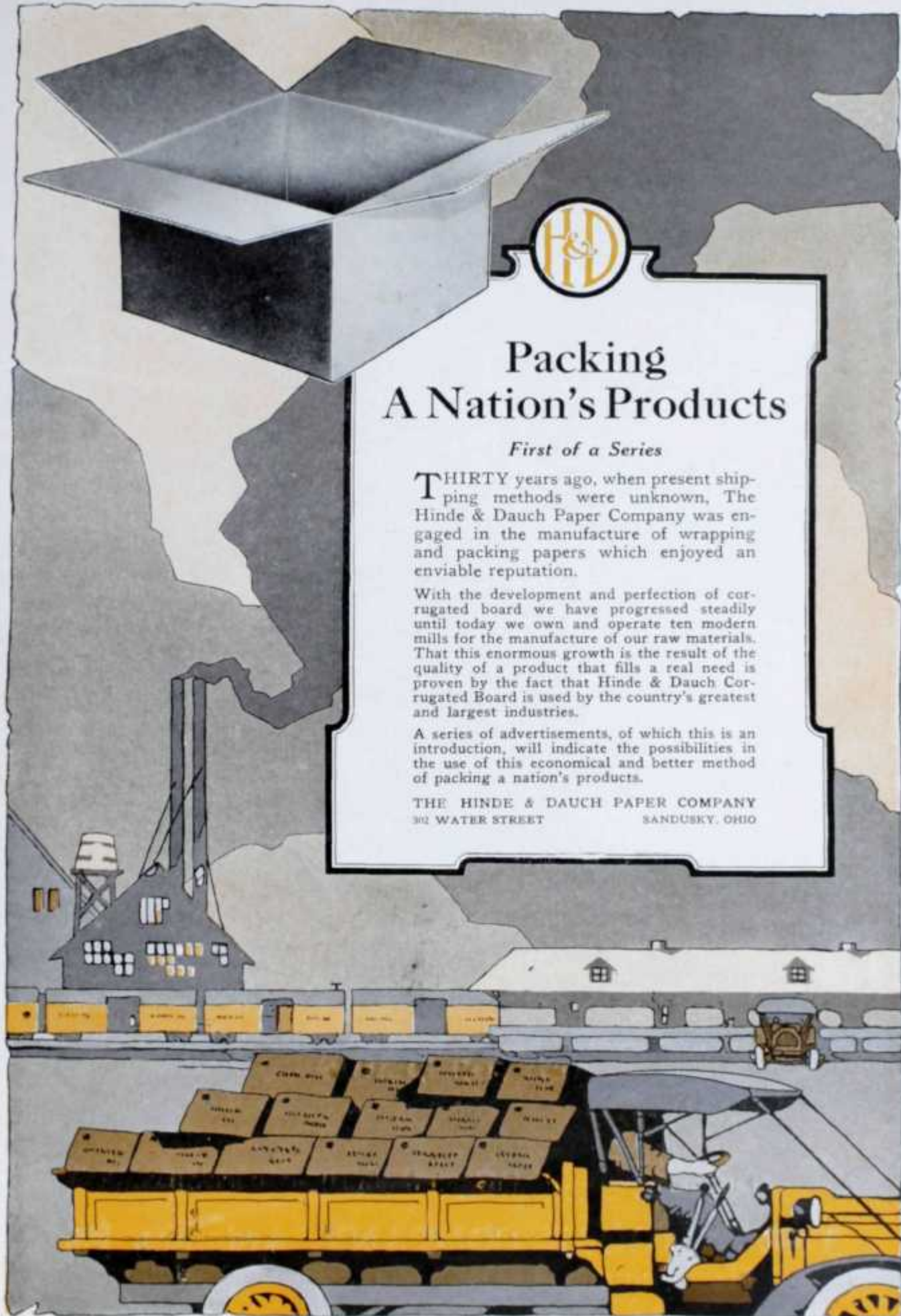
### *First of a Series*

THIRTY years ago, when present shipping methods were unknown, The Hinde & Dauch Paper Company was engaged in the manufacture of wrapping and packing papers which enjoyed an enviable reputation.

With the development and perfection of corrugated board we have progressed steadily until today we own and operate ten modern mills for the manufacture of our raw materials. That this enormous growth is the result of the quality of a product that fills a real need is proven by the fact that Hinde & Dauch Corrugated Board is used by the country's greatest and largest industries.

A series of advertisements, of which this is an introduction, will indicate the possibilities in the use of this economical and better method of packing a nation's products.

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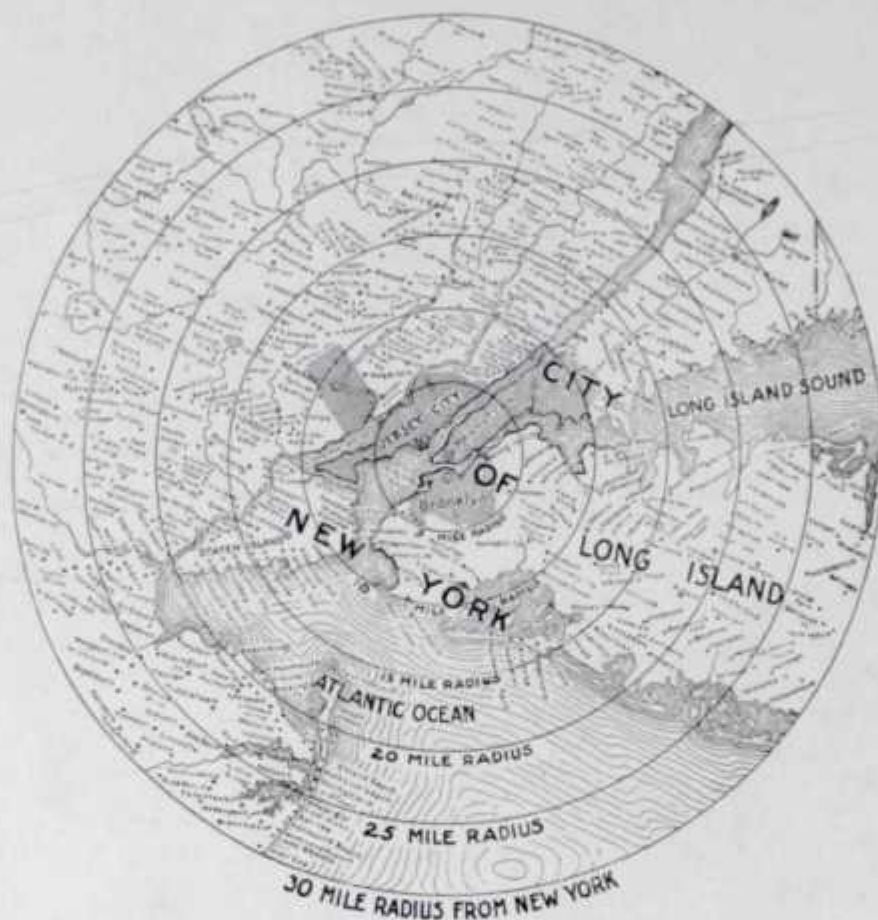




# WAR MEASURE

Use the highways and waterways to relieve transportation congestion and embargoes

Merchandise, Food, Coal and all kinds of material must immediately be distributed in this and every other zone.



## Warning

Only a limited number of motor trucks for commercial purposes can be manufactured in this country during the next several months.

### ARE YOU READY?

If not, buy or hire sufficient teams or motor trucks to handle your business in this transportation crisis.

*This is a patriotic duty and a business necessity.*

**THE AUTOCAR COMPANY, Ardmore, Pa.**  
Manufacturers of "The Autocar Motor Truck"